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Mercosur, EU Sign 'Historic' Trade Agreement

PY1110231595 Montevideo EL OBSERVADOR in Spanish 30 Sep 95 p 15

[FBIS Translated Text] The Mercosur [Common Market of the South] and the EU on 29 September signed an agreement which both parties termed "historic," and which opens the way to a free trade zone between the two blocs.

Guillermo Valles, director for economic affairs of the Uruguayan Foreign Ministry, on behalf of Mercosur; and Juan Pratt, director for North-South Relations of the EU; signed the agreement, which the presidents will approve in December.

According to the officials who participated in the negotiations, the agreement in the short term will have more political significance than economic or trade significance. Valle indicated that for Mercosur, rapprochement with the EU acknowledges that it is one of the large economic blocs.

The agreement outlines the main objectives and it establishes the areas in which the two blocs will cooperate. But it does not set a date for the creation of a free trade zone, nor does it specify how a program of tariff reductions, which is the backbone of the agreement, will be drafted.

The objective is "an interregional association of a political and economic nature based on reinforced political cooperation and on progressive and reciprocal trade liberalization in accordance with the rules of the WTO, and finally the promotion of investment and the strengthening of cooperation.

The topic of "sensitive" products was one of the most difficult points in the negotiations, due to the concern of the two parties to liberalize trade in the sectors which are not in a position to resist open competition. The agricultural sector is the most vulnerable sector for the Europeans, while for Mercosur the problems reside in the manufacturing sector.

They agreed that the quantity of protected items must be restricted. The criteria to be adopted is that the number of exceptions cannot be so high as to distort the objectives of the agreement. As Mercosur requested, a defensive clause was included in the agreement that allows the freezing of the whole process if one of the parties deems that the other has not complied with its commitments.

From Mercosur's viewpoint, one of the most important points refers to the commitment of promoting and facilitating mutual investments. For Mercosur officials, the agreement is significant for the private sector because it opens up a propitious stage for joint undertakings.

The agreement indicates that "the development of a legal framework that favors investment between the parties will evolve, especially through the signing of bilateral agreements pertaining to the promotion and protection of investments and through the signing of a bilateral agreement to prevent double taxation."

This implies that any Mercosur country can sign bilateral agreements with EU member-countries that will grant special conditions for investment and at the same time guarantee the nondiscrimination of European enterprises.

The agreement.

Trade. Guarantees are foreseen for the free access to markets with a gradual reduction of tariffs and with rules that will prevent restrictive or unloyal practices.

Customs. There will be an exchange of information and cooperation in the training of officials. A simplification of procedures is desired.

Macroeconomy. An attempt will be made to contribute toward the creation of jobs and to the improvement of foreign competition through technical cooperation. The two blocs will exchange information on economic indicators.

Intellectual property. The commitment exists to respect the rights of the author in the industrial and scientific areas. If the rules and regulations foreseen by the GATT agreements are not sufficient, then more stricter procedures will be implemented.

Enterprises. Technical training and the transfer of technology will be promoted with the objective of achieving joint undertakings between enterprises of the two blocs.

Others. Cooperation in the areas of energy, transportation, science and technology, telecommunications, protection of the environment, education, and the fight against drug trafficking is foreseen.

Cuba

Country Hails EU Position on Helms-Burton Bill

PA1210000295 Havana PRENSA LATINA in Spanish 2253 GMT 11 Oct 95

[FBIS Translated Text] Havana, 11 Oct (PL) — Cuba today hailed the position the EU took as it rejected the U.S. House of Representatives' approval of the Helms-Burton bill, which aims at toughening Washington's blockade against Havana.

In statements to PRENSA LATINA, Isabel Allende, Cuban deputy foreign relations minister, said that "the EU's statement reaffirms the position this organization has been voicing for some time now to oppose the measures that, given their nature, violate international law guidelines."

These measures, she added, constitute actions of intervention in the internal affairs of other nations and threaten the principle of national sovereignty.

On 21 September, the U.S. lower chamber approved the anti-Cuban proposal promoted by Congressmen Jesse Helms and Dan Burton. This proposal now has to be approved by the Senate and has to be ratified by President William Clinton, who opposes the legislators' initiative.

At the end of a meeting held today in Brussels, Belgium, the EU criticized the North American plans to tighten the economic siege on Cuba and deplored its approval by the House of Representatives.

"We see this bill as being negative, and we stress our opposition to any extraterritorial measure that violates the norms of international organizations," a communique issued by the 15 EU members stated.

Allende pointed out that the EU's decision "shows the isolation of those in the United States who are trying to subject the Cuban people through an economic strangulation."

The so-called Helms-Burton bill includes, among others, sanctions to countries, companies, and individuals who establish commercial ties with the Caribbean island.

Nicaraguan Official on Helms-Burton Bill

PA1110122795 Havana PRENSA LATINA in Spanish 1818 GMT 10 Oct 95

[FBIS Translated Text] Managua, 10 Oct (PL) — Nicaraguan Deputy Foreign Minister Jose Bernardo Pallais today criticized the embargo that the United States has been imposing on Cuba for more than 30 years, saying that this policy violates international law. Pallais told PRENSA LATINA that the economic encirclement hinders the process of building new international relations.

He recalled that Latin American countries, in general, have come out against the embargo, adding to the list of disagreements between Latin America and the United States.

Nicaragua has joined the rest of the countries which, through majority vote, approved a UN General Assembly resolution rejecting economic pressure on the island.

We condemn the embargo because it does the Cuban people no good and because it is not a recognized international practice, he said.

Asked about the measures that President William Clinton announced on 6 October, Pallais said that these are short steps but that they move in the right direction — that is, toward lifting the restrictions imposed by the embargo.

Clinton recently said he will authorize the opening of U.S. media offices in Havana and Cuban media offices in Washington, permit more trips to and from Cuba, improve communications, and increase cultural and scientific contacts in the social sphere.

However, the announcement did not contemplate lifting the restrictions decreed in August 1994 or Cuba's demand that Washington heed three consecutive UN General Assembly votes against the embargo.

Envoy to Angola: Clinton's Remarks Change Nothing

MB0810161595 Luanda TPA Television Network in Portuguese 1930 GMT 7 Oct 95

[FBIS Translated Excerpt] Cuban Charge d'Affaires in Angola Jose Sevilla de la Torre has said in an interview with journalist Mateus Muanda that statements by U.S. President Bill Clinton will not change the current situation between the United States and Cuba.

[Begin Torre recording in Spanish] Obviously, statements made by President Bill Clinton have not changed in any way his government's policy on the embargo against Cuba, which has been in progress for more than 30 years. These measures in reality do not affect the embargo at all. The United States claims that it will soon allow some press agencies to operate in Cuba. That depends on the Cuban Government and the U.S. press agencies, not on the U.S. Government. [end recording] [passage omitted]

Russian Ranking Official Arrives, Meets with Officials

PA1110221695 Havana PRENSA LATINA in Spanish 0044 GMT 11 Oct 95

[FBIS Translated Text] Havana, 10 Oct (PL) — Cuban First Vice President Raul Castro Ruz welcomed Oleg Soskovets, Russian first deputy chairman of the government, in this capital today. He is on an official six-day visit.

In addition to Raul Castro Ruz, the ranking Russian leader was greeted by Vice President of the Council of State Carlos Lage, Minister of Foreign Trade Ricardo Cabrisas, as well as Russian Ambassador to Havana Arnold Kalinin.

Soskovets arrived accompanied by a large entourage, which includes businessmen, ministers, bankers, military heads, and journalists, who add up to 130 people.

Local observers consider this visit as the first one by a ranking Russian leader in recent years, and the trip seeks mainly to promote economic-commercial ties of mutual benefit.

The Cuban Ministry of Foreign Relations indicated that Soskovets' agenda includes the beginning of bilateral talks at the Convention Palace in Havana tomorrow.

Lage will lead the host delegation and it was learned that the exchange of Cuban sugar for Russian petroleum, and cooperation in the area of nickel, among other topics, will be discussed.

Soskovets will also meet with Foreign Minister Roberto Robaina and Economy and Planning Minister Jose Luis Rodriguez. In addition, he will visit a sugar mill and citrus farms in the central province of Matanzas.

Soskovets will tour the industrial area of the province of Cienfuegos, particularly the oil refinery and the nuclear plant.

On Sunday, a day before his departure, Cuba and Russia are expected to sign a document on the potential for commercial and economic exchange between the two countries, and Soskovets is expected to hold a news conference.

On Monday, the Russian delegation will leave for the Colombian city of Cartagena de Indias, where it will represent its country at the 11th Nonaligned Summit.

Says Ties Constitute 'Legacy'

PA1210032095 Havana PRENSA LATINA in Spanish 2103 GMT 11 Oct 95

[FBIS Translated Text] Havana, 11 Oct (PL) — The relations with Cuba constitute an important legacy to which Russia must return, Oleg Soskovets, Russian first deputy chairman of the government, said during his first day of official talks, which started today, between the two countries.

"Much more than a simple mercantile situation links us together," the visiting high-ranking official pointed out. He also disclosed that he is bringing a letter from his country's president, Boris Yel'tsin, for the chief of the Cuban state, Fidel Castro.

According to what the deputy chairman of the Russian government underscored, in the letter, Yel'tsin refers to the directions and principles that, in his opinion, must steer the future relations between the two nations.

Meanwhile, Carlos Lage, Council of Ministers' Executive Council secretary, affirmed that the Cuban side is interested in making the talks achieve their objectives and be far-reaching.

Lage explained in detail to the visitors the economic reforms implemented in the island since 1991, following the abrupt reduction in the number of commercial ties with the defunct Soviet Union.

In this regard, the also vice president of the Cuban Council of State, added that the first results of the adopted measures can already be noted, thus creating favorable conditions to comply with any agreement that could be reached with Russia.

In addition, he stressed the significance the economic and commercial ties with the Eurasian country has for the island and voiced his hope to strengthen these ties based on mutually advantageous foundations.

Finally, Soskovets explained that the economic stabilization his country is achieving this year offers a suitable framework for trade development and cooperation with the largest Antillean island.

The Russian government executive is heading a delegation of 130 members of dissimilar political and economic sectors from that country that arrived in Havana yesterday and that will stay in Cuba until 16 October.

Begins Talks With Lage

PA1210042395 Havana Radio Rebelde Network in Spanish 1800 GMT 11 Oct 95

[Report by Gisela Bel Heredia; from the "National Radio News" newscast]

[FBIS Translated Text] Official talks between high-level Cuban and Russian delegations began at the Convention Palace today. The Russian delegation is headed by First Deputy Chairman of the Government Oleg Soskovets.

Carlos Lage and Soskovets are heading the talks in which the Cuban representative explained to the Russian delegation the most important measures adopted in the country and the necessary changes made to preserve what socialism has meant for our people.

Lage said that a decision was made to work with firm principles, but in a practical sense and with great flexibility in the face of complex and difficult circumstances surrounding us.

It could be said that in 1994 and so far in 1995, with the exception of sugar, practically all other basic areas of the economy are growing. The most adverse impact was precisely the drop in sugar production.

[Begin Lage recording] We must point out — and you should be aware of this — that these results which we have noted as positive are far from being enough to cover our needs, and we must not conclude that our difficulties have ended or even that a short, easy road lies ahead. We could say that our difficulties remain severe. [end recording]

The Russian first deputy chairman of the government started by conveying a greeting to the Cuban Government and people on behalf of President Boris Yel'tsin. He said that today he will have the opportunity of delivering a personal message to Cuban President Fidel Castro from Yel'tsin.

As for the spirit of the message, Soskovets said the Russian delegation came to conduct its work which will be to contribute to the establishment of new principles of cooperation in the economic field and this duty is the fundamental purpose of the visit.

Oleg Soskovets arrived in Cuba yesterday and is currently heading a delegation of some 130 persons. He was received by Army General Raul Castro Ruz and will remain here until 16 October after fulfilling a busy schedule of activities in the capital and the provinces of Matanzas and Cienfuegos.

More on Talks

PA1210042495 Havana PRENSA LATINA in Spanish 2029 GMT 11 Oct 95

[Report by Alejandro Gomez]

[FBIS Translated Text] Havana, 11 Oct (PL) — Cuban Foreign Minister Roberto Robaina said in Havana today that the Russian governmental visit to Cuba is the beginning of a new stage marked by specific actions.

On receiving Oleg Soskovets, first deputy chairman of the Russian government, at the foreign ministry, Robaina said he does not have the slightest doubt that "this is the climate and willingness" he observed in the Russian leaders during his recent visit to Moscow.

Soskovets heads a numerous delegation — 130 people — which consists of several ministers, businessmen, bankers, military officers, and reporters and arrived in Havana yesterday on an official six-day visit to make bilateral ties stronger.

This is the first high level Russian delegation that comes to Cuba after the Soviet Union's dismemberment in 1991.

Robaina pointed out that the visitors have arrived under new circumstances for the two countries, which now desire "to leave behind the difficult part" of their bilateral ties.

"It is no secret for anyone in the world that the Cuban-Russian relations have been special for a very long time and that, both in good and bad times, they have always had international repercussions," Robaina said.

He added: Cuba does not have to reiterate how important these ties were [words indistinct] he added: "The importance of this visit does not escape us."

He pointed out that there is special interest in signing a commercial agreement on a short-term basis, as well as other agreements in various fields.

In turn, Soskovets underlined "the basic political importance of this visit for both governments."

The Russian people, he added, feels great respect for the Cuban people. Our mission is of a very positive nature for the development of the relations between the two countries.

"Today, Cuban Vice President Carlos Lage and us initiated a very detailed study of all economic matters. In the study, both sides reiterate the need for extending economic cooperation, not with old fashioned dogmas but with an economic cooperation linked to mutual development and interest," Soskovets said.

He recalled the Duma's (Parliament) disapproval of the Helms-Burton bill. (Helms and Burton are U.S. Congressmen who want to tighten Washington's embargo against Cuba.)

Soskovets said that Russia opposes all attempts at introducing any type of economic embargo into international relations.

Russia remains Cuba's most important commercial partner. Approximately 30 percent of Cuba's economic transactions are made with Russia. In this regard, Cuba leads Spain, Canada, and Mexico.

This trade is estimated at $500 million, and consists mainly of exchanging sugar for crude oil, an aspect that appears prominently in the current talks.

During its stay in Cuba, the Russian delegation will visit several places of economic and social interest in Matanzas province in the country's west and Cienfuegos in the country's center, where the Cuban thermonuclear plant, whose construction started in the last decade with Soviet assistance, is located. The plant is stopped at present.

Delegation Starts 'Hectic' Agenda

PA1210043495 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 12 Oct 95

[Report by Desi Gomez and Ismael Santana; from the "NTV" newscast"]

[FBIS Translated Text] The high-level Russian delegation that is visiting us followed a hectic working agenda on 11 October.

[Gomez] The Cuban delegation, which Council of State Vice President Carlos Lage is presiding, and the Russian delegation, which is headed by Oleg Soskovets, first deputy chairman of the government and which is formed by government leaders, parliamentarians, and banking and industrial leaders, started their first working day in Cuba with broad talks.

The Russian guest said he is bringing a message from President Boris Yel'tsin for Cuban leader Fidel Castro regarding the establishment of new principles in the bilateral economic relations. Soskovets explained that Russia wants to eliminate all obstacles and promote even more the ties with Cuba.

Meanwhile, Lage pointed out that the Cuban side will work seriously to ensure that the fruits of this meeting will be far-reaching. At noon, our foreign relations minister, Roberto Robaina, welcomed the visitors and pointed to the special times in which these meeting are taking place and to how the two countries have been working to obtain economic support in the mid term.

Soskovets responded that the mission he is heading is constructively focusing on the relations with Cuba, which have an essentially political significance for the two countries.

[Santana] The high-level Russian delegation voiced interest in the work our scientists are doing. At the Genetic Engineering and Biotechnology Center, its director general, Doctor Manuel Limonta, explained the institution's efforts, achievements, and prospects. During the tour, the visitors were able to note the possibilities this center has. It has patented health products in more than 40 countries. The recombinant interferon and the vaccine against hepatitis B stand out among the center's patents.

The Finlay Institute is another center that has contributed a great deal to the health of mankind. The Russian delegation exchanged opinions with its top representatives. Finlay Institute President Dr. Concepcion Campa explained the significance of her institution: it is devoted to research on and production of human vaccines, including the type-B antimeningococcic vaccine, which is the world's only vaccine against meningitis. Dr. Campa stressed Cuba's gratitude for the support the Moscow laboratories always expressed for our scientists in their research and urged its strengthening.

Country's Commercial Ties With Spain Viewed

PA1210022995 Havana PRENSA LATINA in Spanish 0728 GMT 11 Oct 95

[Two installments of "exclusive" article by Hiram Marquetti Nodarse, researcher at the Center of Studies of the Cuban Economy: "Cuban-Spanish Economic Relations: Recent Evolution"]

[FBIS Translated Text] The recent development of the economic relations between Cuba and Spain have been characterized by an irregular evolution, even though they are basically conducted within the context of strictly commercial relations. This situation is explained, in general terms, by the profound economic crisis the island has faced since 1990. However, the negative implications of other factors are also considered.

The particular circumstances Cuba is experiencing notwithstanding, Spain is currently one of the island's main trading partners, following Russia, PRC, and Canada.

Likewise, the participation of the Spanish business sector has been relevant in the creation of joint ventures with Cuban enterprises. Spain is the European country with the largest amount of direct investments in Cuba.

This article intends to analyze briefly the recent evolution of the Cuban-Spanish economic relations. However, more emphasis is placed on the assessment of the performance of commercial ties and the creation of joint ventures.

Evolution of Commercial Relations

The commercial relations between Cuba and Spain have been historically characterized by their growing significance for the island, however, during the 1990-1993 period, these relations dropped notably. The adjustment made in the Cuban foreign trade as a result of the disappearance of the European socialist bloc prompted a relative improvement in Spain's position as Cuba's trading partner.

The breaking up of Cuba's economic and commercial ties with the former socialist countries triggered a major readjustment in the Cuban export and import markets, which was revealed by an increase in the significance of the country's commercial exchange with other nations, despite the reduction it sustained, in absolute terms, as shown in the following table:

Table 1. Cuban Foreign Trade 1988-1994

(in billions of pesos)

Year	Exports	Imports	Total Exchange	Commercial Balance
1988	5.5183	7.5798	13.0981	-2.0615
1989	5.3992	8.1397	13.5379	-2.7405
1990	5.4150	7.4166	12.8318	-2.0016
1991	2.9615	4.1490	7.1105	-1.1875
1992	1.7840	2.3150	4.0990	-0.5310
1993	1.1344	2.0343	3.1436	-0.8999
1994	1.3142	1.9561	3.2703	-0.6419

Currently, Spain is the island's main trading partner within the EU and the fourth trading partner in commercial exchange volume. Only Russia, PRC, and Canada, as was previously mentioned, top Spain.

The performance of the commercial ties between Cuba and Spain in the 1990-1993 period show a fluctuation, in which the most significant feature is the Cuban market's loss of clout for Spanish exports and imports.

In 1993, the island represented 0.3 percent of the total of Spanish exports and had dropped by 6 percent in relation to the entire Latin American region. In addition, from the second place it had within the region in 1991, Cuba went to eighth place in 1993, when the value of Spanish exports to Cuba only represented 80 percent of the 1990 exports.

Table 2. Cuban-Spanish Foreign Trade 1990-1993

(in billions of pesetas)

Year	Exports	Imports	Total Exchange	Total Balance
1990	8.1	30.1	38.2	-22.0
1991	9.5	29.4	38.9	-19.9
1992	8.7	20.7	29.4	-12.0
1993	8.2	24.2	32.4	-16.0

The negative effects of the drops in quantity and quality of Cuban exports to Spain between 1990 and 1993 could not be muffled by the granting of more favorable international credit and financial help. The lack of acceptable agreements with international banks to finance the country's long-term debt, as well as the institutional barriers and discriminatory treatments to have access to the EU markets, were obstacles that, to a large extent, contributed to achieving barely encouraging results in the foreign trade between the two countries.

As for the structure of Spanish exports to Cuba, equipment, machinery, several types of manufactured goods, and other industrial products predominated. From a list of 50 products, taking 100 million pesetas as a base figure, exports exceeding 5 percent were clustered in four or five products representing 66 and 5 percent of the total amount of exports to Cuba between 1990 and 1993. [sentence as received]

Meanwhile, between six and 32 products exported to the Cuban market represented 34 and 49 percent during those same years. At the same time, the minimum estimated values varied between 16 and 20 million pesetas during this period.

To this we add the fact that in 1993, Spain's 10 largest exporting companies supplied 37 percent of all exports to Cuba.

The evolution of the Spanish market's imports from Cuba basically failed to show encouraging signs. They barely increased in 1993, as compared to those of 1990. Even though in 1991 and 1993, Cuban imports had more favorable figures, in 1993, they represented, in relative terms, 0.08 percent of Spanish imports and 2 percent of Latin American imports.

In that year, Cuba came in 10th place in this trade. The poor performance shown by Cuban exports and Spanish imports to the island recorded a deficit for Cuba in the commercial exchange between the two countries.

Likewise, in analyzing the structure of the Spanish imports in Cuba, their high degree of concentration and their little diversification stand out. From a list of 26 products, grouped in minimal values of 10 million pesetas, we find that, between 1990 and 1993, between one and seven products fell by more than 90 percent of the total amount exported by Cuba, while lower values fluctuated between 1 and 2 million pesetas, respectively. [sentence as received]

The fact that tobacco, fish, and seafood, represented 79, 72, 81, and 77 percent, respectively, of the total of Spanish imports from the island, stands out. It also calls the attention that only two companies (Habanos, Inc. and Caribbean Export Enterprise, Caribex) represented 75 percent of the total of Cuban merchandise that arrived in Spain in 1993.

In general terms, the loss of relative significance of the Cuban market in Spain's commercial relations with Latin America seems to stem from the current limitations of the Cuban economy, the better economic performance of other countries in the region, and their access to financing for exports in larger quantities, and more favorable banking credits.

To this, we could add that the alternative possibilities offered by the business financing to create sources of support to exports to the island — it is only fair to recognize it — have been hindered by unstable economic situations in the Spanish market, as well as by the critical situation the Cuban economy is currently facing.

This is how the most promising path, in the short- and mid-run, to promote an increase in commercial exchange from both directions seems to be closely linked to the increase in the number of and the swiftness in which Spanish businessmen participate in the investment flows toward the island's economy. This is an observation with which most of the analysts who follow up on the evolution of the economies of Spain and Cuba agree.

Canadian House Leader Comments on Meeting With Castro

PA1110160295 Havana PRENSA LATINA in Spanish 1830 GMT 10 Oct 95

[Report by Javier Rodriguez]

[FBIS Translated Text] Havana, 10 October (PL) — Gilbert Parent, president of the Canadian House of Commons today voiced his satisfaction over his meeting in this capital with Cuban President Fidel Castro.

I have a very good impression of that meeting. I am very fond of Cuba and its president, Parent said to PRENSA LATINA, commenting on his meeting with Castro yesterday.

Parent, who is visiting Cuba upon invitation from the Cuban National Assembly of the People's Government (parliament) said that he discussed bilateral relations "and areas of cooperation for the benefit of both countries and the Caribbean."

Parent added that he proposed the possibility of increasing Canadian aid in the educational sector and that he is expecting a reply from the Cuban Government.

The Canadian visitor today exchanged views with the president and the permanent committees of the local parliament. He was accompanied by the delegation he heads and the ambassador [not further identified].

ANPP Vice President Jaime Crombet, committee presidents Jorge Lezcano, Ernesto de la Torre, and Lidia Tablada, as well as Deputies Lazaro Barredo, Ernesto de la Torre, and Raul Suarez also spoke during the meeting.

The Canadian delegation will return to Ottawa tomorrow, after visiting the Center of Genetics Engineering and Biotechnology and Old Havana.

Ambassador to Venezuela Cited on Ties With Caracas

PA0910190695 Havana Radio Havana Cuba in Spanish 0000 GMT 7 Oct 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Cuban Ambassador to Venezuela German Sanchez has said that relations with Caracas are moving at a rapid pace and that prospects of joint businesses will continue to increase, given the South American country has become the island's fourth partner in the western hemisphere. During the ceremony for the establishment of the Venezuelan-Cuban Chamber of Commerce, the diplomat presented the new Foreign Investment Law and gave details of the business opportunities it opens.

ANPP Commission President Explains Foreign Investment Law

PA0810175695 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 5 Oct 95

[Report by Maribel Puerto from the "NTV Newscast"]

[FBIS Translated Text] A seminar on the Foreign Investment Law began today at the National Hotel with the participation of representatives of joint enterprises, associations, and diplomatic circles. The seminar is sponsored by Associate Consultants.

The seminar began with a broad explanation by Dr. Ramon de la Cruz Ochoa, president of the ANPP [National Assembly of the People's Government] Constitutional and Legal Affairs Commission, on the background and general principles of the Foreign Investment Law. His speech made it clear that the law includes legal regulations to guarantee the government's control on any foreign investment, thus protecting the nation's interests above all. This is one element that makes this law completely different from any other economic opening in the world:

[Begin de la Cruz recording] In the case of many Latin American countries that have neoliberal economies, the need for authorization has practically disappeared, and a foreign investor can establish any business and is subject only to the same regulations applied to local investors. Nobody can come here on his own accord without complying with government control and foreign investment requirements. [end recording]

Because of its very essence, the Foreign Investment Law generates other laws.

Dr. Jorge Sosa, consultant of the Foreign Investment Ministry, has said the following:

[Begin Sosa recording] A corporation law, a new real estate law, and, maybe in the short term, a law on industrial parks and free zones are a priority for the ANPP. [end recording]

No one country seeks development without having foreign capital investment as a part of its policy. In Cuba's case, the new law promotes foreign investment to strengthen the economy, but it does so based on respect for national sovereignty and independence.

Raul Castro Presides Over Moncada Military Exercise

PA0810220595 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 5 Oct 95

[Report by Mario Rivera, German Veloz, and Haroldo Garcia; from the "NTV Newscast"]

[FBIS Translated Text] FAR [Revolutionary Armed Forces] Minister Raul Castro presided over the final stage of the Moncada 2-95-2 Exercise carried out in the Eastern Army's territory.

Army General Raul Castro Ruz, second secretary of the Central Committee of the Communist Party of Cuba and minister of the FAR, along with Revolutionary Commander Juan Almeida Bosque; Division General Ulises Rosales Del Toro, FAR first vice minister and chief of the general staff; and other FAR chiefs and officers observed the Moncada 2-95-2 Exercise with the participation of command and leadership organizations and defense councils of various levels from the Eastern Army's southern region.

The FAR minister listened to various reports by Eastern Army chief Manuel Espinosa Martin on defense measures taken in Santiago de Cuba, Granma, and Guantanamo Provinces in response to various types of aggressions, including an absolute blockade against the island, along with severe actions aimed at attrition. Similar reports were presented by provincial chiefs of general staff and chiefs of military units located in those areas, who also pointed out aspects of cooperation among forces and explained the dynamics of the organization and development of combat actions.

Moreover, the participation of the party first secretaries and presidents of the defense councils of the aforementioned provinces emphasized the overall concept of our defense system and made evident the high level of training our party cadres have in the war against the aggressor. The Moncada 2-95-2 exercise was characterized by intense work in the field, in command positions, and fortified regions, which reflect the efficient and systematic conditioning of the theater of military operations. It also tested the skills of the chiefs of the general staff and defense councils to work with maps and other documents in response to constant dynamics amid a complex situation resulting from heavy rains in the eastern territory during the exercise.

Along with the command and leadership organizations, regular and reserve units, territorial troop militia soldiers, special formation troops, and production and defense brigades [BPD] participated in the exercise and performed specific tasks during the exercise. BPD specializing in sea combat and special formation troops responsible for preparing airplane and helicopter combat offered demonstrations of the people's war to undermine and defeat the aggressor.

Reserve units were outstanding for their mobilization capacity and maneuvering capabilities. Meanwhile, antiaircraft groups, mainly rocket groups, showed their skills in combat with nonconventional methods.

[Begin Raul Castro recording] As I said, the objective has been achieved, and the supreme one was to strengthen the defense of the territory. We have also prepared a set of measures and conclusions to continue strengthening the defense of the territory. Unquestionably, we appreciate all the work done and very positive activities. We have also made the necessary criticism and commented on aspects needing improvement. We will work to improve this situation. As to quality value, this exercise has been superior to other exercises made during the first instruction period in other operational regions. [end recording]

Above all, Moncada 2-95-2 illustrated the FAR's permanent concern with strengthening the country's defense system, which is undoubtedly strong and stable in the regions protected by the command identified precisely as Mr. Army.

Minister: Holguin Industrial Recovery 'Encouraging'

PA0910193595 Havana Radio Rebelde Network in Spanish 1700 GMT 6 Oct 95

[Report by Haroldo Garcia from the "National Radio News" newscast]

[FBIS Translated Text] Basic Industry Minister Marcos Portal Leon today described the recovery at most of Holguin's basic industry firms as very encouraging. During a meeting also attended by Jorge Luis Sierra, the Communist Party's first secretary in Holguin, Portal congratulated the basic industry representatives for the encouraging manner in which they have conducted the business plan scheduled for Holguin's basic industry over the next few years; for the initiative they have displayed with the business economic system in the search for efficiency, cooperation, and alternative productions where necessary; and the consequent generation of job security for the sector's workers:

[Begin Portal recording] In Holguin's case, the increased production of nickel has been very encouraging, and I am not referring solely to the volume of production — because we are producing at levels similar to 1982 or 1989 — but to the fact that nickel is being produced with less energy and a lower budget and is competing on the worldwide market. At first, our nickel was sold in seven or eight countries, and it is being sold in 26 countries now.

The electricity, fuel, and tire industries are also very encouraging, and sugar production is making a modest recovery. This implies that our tire, electricity, and fuel production and distribution are supporting this vital segment of our economy. [end recording]

Technical Nuclear Plant Meeting Concludes in Cienfuegos

PA0710024795 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 5 Oct 95

[Report by Omar Giorki; from the "NTV Newscast"]

[FBIS Translated Text] The third technical meeting of nuclear plants of Latin America ended in Cienfuegos. The meeting lasted for 15 days, with a preliminary meeting in the city of Havana and five working meetings in the province of Cienfuegos. Experts from Argentina, Brazil, and Mexico, together with their Cuban counterparts, discussed topics related to the manipulation of radioactive waste and nuclear fuel. The discussion of both topics, apparently more involved with plant production, constituted a significant experience for Cuba.

The meeting allowed our specialists to compare the design for the treatment of radiated material in the Juragua plant, with other projects that have already been applied in similar plants of the area. Specifically, the program of this meeting in Cienfuegos included a visit to the project of the electronuclear plant, which has been temporarily paralyzed for three years.

[Begin Mexican Raymundo Arnulfo of the Laguna Verde Plant recording] Unit one of Laguna Verde was paralyzed for approximately six years, particularly because of economic reasons. We had to work quite a bit to maintain the equipment that was installed there. We feel it is in perfect condition and that it does not imply at all any kind of impact on the security or future reliability of the plant. No, I would say not. [end recording]

In the opinion of its organizers, the workshop served the purpose of becoming a means to exchange views on how to achieve a more effective design for radiological protection and a safer operation of the nuclear plants.

Spanish TV Programmer on Joint TV Station

PA0810040595 Havana Radio Havana Cuba in Spanish 0000 GMT 4 Oct 95

[Report by Estrella Diaz; from the "Evening Information Review" newscast; passages within quotation marks recorded]

[FBIS Translated Text] [Diaz] Next March, when Multimedia Caribe sends its first television signal, the first joint venture with Cuba's television will have come to fruition. The broadcasts will be seen from the southern United States to Argentina.

[Multimedia Caribe General Manager Antonio Somoza] "The contract has been signed between a company called NA Publicidad and RTV Comercial."

[Diaz] Antonio Somoza is general manager of Multimedia Caribe.

[Somoza] "NA Publicidad is a Spanish-based ad company and I am its director in Spain, or was until I came here. I still am. I have to hand over my powers to a colleague. I am the ad director, and as such I signed the agreement with Salcedo [not further identified], who is currently the person in charge of RTV Comercial. These would really be the two companies that comprise the legal corporation. Behind these two companies, we have the ICRT [Cuban Institute of Radio and Television] on the Cuban side and the business group called (Androch) on the Spanish side. This business group that arrived in Cuba a long time ago was devoted to... [pauses] this is a group that was basically a medicine distributor. When they set up a medicine office here, on one of the trips in which I came accompanying the group's president, the possibility emerged of engaging in negotiations with the news media. We began to negotiate, and here we are.

"The (Androch) is a group that covers graphic arts, publicity, production, pharmaceutical, food, and (?automobile) companies. It is a broad group of companies that wants to [word indistinct]."

[Diaz] The group has investments basically in Latin America, although it has investments in Italy and Japan. Multimedia Caribe is a corporation that operates based on Decree Law 50, which established that 50 percent of profits would go to the Spanish side and 50 percent to the Cuban side. Multimedia Caribe has received a 15-year license, renewable upon expiration if mutually agreed upon. The idea is to set up a television channel that will broadcast via satellite from Cuba to other countries.

[Somoza] "With two [words indistinct] in a satellite that brings our signal from the south in the United States to the south in Argentina. In sum, if we trace a straight line on a map, with the signal overflow, we would more or less cover from San Antonio, Texas, all the way down — more or less. We are covering the entire American continent, including the entire Caribbean, of course. We have been granted the license; we have a movie and television production company — more of a television than a movie production company, really — we have an ad company, we have the rights to maintain, preserve, administer, and sell the ICRT film and news archives; and we also hold rights over the (Fica) machine, which is a Swedish machine that is in this country and can very useful, since film or printed material can be put into that machine and then you clean it, fix it, enhance it, put it in a bag, and store it. That way, a film can be preserved for 100 or 150 years.

"Here was this machine that was given minimal use here due to the circumstances that exist in this country. We have taken it over to use in our market. The South American market, for instance, was cleaning its films in the United Kingdom. The cost alone of taking a film from South America to the United Kingdom are almost what we charge for cleaning it. We are trying to provide that service to that market, which is much closer and takes advantage of that machine. I really do not know why this machine is here, but there are very few of them in the world. As far as we know, in the American Continent, besides this one, there is only one of these machines, in the United States. The rest are in Europe and [word indistinct] and, so, these are the different divisions within Multimedia."

[Diaz] According to the Spanish businessman, the television station will compete in a market that has been studied already.

[Somoza] "As I said, we began to negotiate with the government. With time, when we noticed that things were taking shape, we brought in a team of Spanish advisers. We holed up at the Hotel Nacional, on one of the hotel's floors, for over one week and began to work. We drafted several reports. One of them is this one I am holding in my hands. According to this report, the project was completely and absolutely viable...[pauses] This is just one part; I have the rest in Spain. It also listed the actions to carry it out.

"With regard to the television station, we are going to compete in a market that has the regular television stations, the small and medium-sized television stations that exist all over the continent — in cities like Buenos Aires, for instance, there are some four of them, I mean cable television companies. There are many in big cities, and in small cities...[pauses] We are going to compete with them, and most of all with a monster that is called Galavision. That is the only Spanish-language channel of this kind that exists in this area of the world. There are many others, but almost all of them broadcast in English, like CNN, etc.

"We are not going to compete with CNN or even attempt to; quite the contrary: We plan to be partners, colleagues, friends, companions of all the big channels. We believe there is a slice for us in the Spanish-language pie, and we are going to eat our slice. To eat that slice we have planned to have multiple programming that is useful to the four-year old child and the 80-year-old grandfather. Our thinking is that we are going to reach a group that thinks in Mexican, Uruguayan, Argentine, Brazilian, Cuban, Puerto Rican, whatever.

"This means that, although all of us speak the same language, we do not all think the same. We do not want to make the mistake of having programming that is so distinctly Cuban that an Argentine may become bored with it after watching for 30 minutes and turn the television set off. Or that is so distinctly Argentine that a Mexican may be bored by it. Or so distinctly Mexican that a Puerto Rican may be bored by it. Therefore, we are going to try to keep everybody happy. To do that, we have our own production, which will be much smaller at the beginning. We have [word indistinct] production. We are purchasing programs in Spain and the rest of the continent, so that not all the movies will be from Spain. That way, we will have Argentine movies. By movies, I mean [word indistinct] movies — Argentine, Mexican, Puerto Rican, Cuban, North American.

"Therefore, in 24 hours of broadcasting, people will have a wide range of possibilities. Nobody will be bored, and everybody will be entertained. I, who began (?in this business) at age 27 — and I am now 45 years old — have reached the conclusion — and I reached that conclusion thanks to a professor of mine — that television must serve to educate, inform, and entertain, to educate in a broad manner, to educate and entertain. We are not that much interested in the part about informing, and that is so for a very simple reason: There is a big channel called CNN that exists to inform and is just news, and we are not going to compete with it. Then there are the local television stations that can broadcast news way ahead of us.

"In sum, in order for me to compete with Argentine television stations that carry news and in order for us to carry news at the same time, I would have to have such an outstandingly good network of correspondents that I could carry the news at the same time that an Argentine station does. If I do not have that correspondents network — primarily at the beginning, but we will see about that 10 years from now — I will not attempt to report an event when it is happening, since I will receive the report eight hours later, and I will not broadcast a report eight hours late.

"So I am getting rid of the news aspect, not because anybody told me to, but because I am not interested in it. I am not going to report news late and play the fool. What I will do is carry informative programming in the sense that I have sufficient archives, sufficient historical material, and sufficient news to carry documentaries. There will be no relationship between these documentaries and (?news reports). I could do a report on something that is purely informational, but it does not have to be an absolute authority. I do not want anybody to beat me at current reports."

Report Views Challenges of Oil Industry

PA1010230495 Havana Radio Havana Cuba in Spanish 0000 GMT 10 Oct 95

[Report by Guillermo Alvarado from the "Cuban Economy Segment" of the "Evening Information Review" newscast]

[FBIS Translated Text] Today, we are going to comment briefly on some aspects of the oil industry. We will begin by stating that at the beginning of 1990, to the fall of the Socialist camp, the disappearance of the Soviet Union, and the end of bartering, was added the prospect of obtaining 13 million tonnes of crude oil for Cuba's normal oil consumption.

As we commented on a previous occasion, in 1992 there was an apparent decline of approximately 50 percent in oil imports to the island.

The following years were extremely difficult and tense. A large part of the nation's productive sector was paralyzed and the people were subject to drastic power cuts which caused innumerable setbacks.

However, already in 1992, Cuba was able to use 40 percent of its import capacity to purchase oil at a price which, according to official statistics, reached a total $900 million. In 1993 and 1994, imports became increasingly restricted, but then, some options began to appear which permitted some optimism. I am specifically referring to the ability to use national crude oil.

In the years following 1993, Cuba began to pay greater attention to oil extraction in its own territory, on land and on off-shore drilling platforms.

A government report points out that in the period between January and June of 1995 all the oil production estimates were surpassed and the [words indistinct] obtained 726,400 tonnes from the nation's oil wells. Fundamentally, a large yield was achieved from the central company which encompasses the Varadero beach resort region, approximately 140 km from Havana, where the efficiency obtained was 533,500 tonnes of crude oil. If this trend continues throughout the second semester of the year, this means this year Cuba could obtain over 1.4 million tonnes of crude oil from its own resources.

The main challenge to specialists is that Cuban crude oil has a high sulfide and sulfur content. That is, it a very heavy crude oil which in addition to limiting its use, also causes breakdowns in a number of plants resulting in power interruptions which are evident, above all in residential areas. The so-called blackouts, or the programed power interruptions, which, due to a number of circumstances, are not always programmed.

Research is aimed at finding solutions to this problem, including the creation of a [word indistinct] emulsion product, an emulsion which reduces oil viscosity almost tenfold, and produces savings in the purchase of other chemicals, which could cost up to $5,000 per tonne and which Cuba would have to import if it did not have its own resources.

The research work is being carried out by multi-task groups in charge of finding new additive products which will reduce the rate of corrosion by at least 72 percent.

Other options being studied are the replacement of metals in certain parts of the cauldrons where national crude oil is being used, and the use of coatings, enamels and paints.

Cubapetroleo is engaged in making oil exploration and exploitation feasible through contracts with foreign companies. In 1994, four new exploration tracts were negotiated under that concept for a total of 20 such agreements signed with foreign companies. Friends, we shall expand on this issue when we deal with oil and fuels as an important activity favorable for foreign investments. Until then, this is Guillermo Alvarado inviting you to continue with our program.

Report on Organic Orchard Production in Cienfuegos

PA1110042695 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 7 Oct 95

[Report by Omar George from Cienfuegos; from the "NTV Newscast — date not given]

[FBIS Translated Text] This information was released at a provincial meeting of farmers to examine this year's results until August. According to the Agriculture Ministry's provincial delegation, work was carried out during this period to diversify crops according to the season of the year and consumption habits. Moreover, seed production in organic orchards has been achieved.

The Agriculture Ministry pointed out the effects of deficiencies and instability in planting programs at various facilities that still have empty and weedy chambers. Therefore, in the organic orchards [word indistinct] in Cienfuegos, a much better yield can be obtained from each half square meter that is proportional to each resident in urban areas in this province.

Cienfuegos organic orchards have generalized the system of linking man to his work's outcome in the search for salary (?incentives) to encourage production. The resolve to increase the number of this kind of facilities already represents a correction of concepts that years ago made this production depend on the extensive way of enterprises dedicated to various crops throughout the country with inefficient results.

Roundup of Sugarcane Developments

PA0910133895

[FBIS Editorial Report] The following is a compilation of reports on sugarcane and sugar industry developments in Cuba monitored through 8 October.

The Amancio Rodriguez Agroindustrial Mill in Las Tunas has broken the record by planting more than 100 caballerias of sugarcane and, thus, became the first one in the country to meet its winter planting goal. The mill is receiving assistance from the Sugar Industry Ministry [Minaz] and organizations of the municipality. Las Tunas leads all the other provinces with 800 caballerias already planted. All of the province's forces are active in meeting its goal of 1,415 caballerias. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 3 Oct 95)

So far, more than 20 magnetizers (magnetizadores) have been set up in Ciego de Avila Province. In all, 60 of these devices will be set up at mills, vacuum pumps (bombas de vacio), and circulation systems for purified juices. (Havana Radio Rebelde Network in Spanish 1700 GMT 3 Oct 95)

The repair, investment, and equipment timetable in the sugar mills of Camaguey Province has been met by 55 percent. (Havana Radio Rebelde Network in Spanish 1700 GMT 4 Oct 95)

Six Villa Clara agroindustrial mills have already met their winter planting objective. So far, 800 caballerias have been planted all over the province. Although these have been the best results in the past years, failure to meet the harvest's overall plans is creating a tense situation. More than 2,000 caballerias have been planted from January-September, and close to 19,000 caballerias have been cleared. In Ciego de Avila Province, September's heavy rains are to blame for the delay in planting activities. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 5 Oct 95)

Speaking at a meeting with the country's sugar mill managers being held at the National Sugar Training Center in Boyero, Havana, Raul Trujillo, first vice sugar industry minister, has said that the sugarcane production program began in 1994 and that its first phase must conclude in the 1996-1997 harvest. He added that the depletion of the sugarcane fields has been halted, but greater control must be enforced mainly on issues dealing with technological discipline. (Havana Radio Rebelde Network in Spanish 1700 GMT 5 Oct 95)

During the aforementioned meeting, Sugar Industry Minister Nelson Torres said the deficiencies of last year's harvest, where 300 million arrobas were lost, "cannot be allowed." An operations handbook emphasizing training of the labor force is among the measures Torres announced to reduce losses. The meeting is the culmination of a cycle of preparation that included the training of sugar mill managers. (Havana PRENSA LATINA in Spanish 1422 GMT 6 Oct 95)

The sugar mills of three municipalities of Villa Clara met their winter planting goals. All over the province, residents planted 642 [as heard] caballerias of sugarcane, or 51 percent of the program for this month. In October, 416 caballerias of sugarcane are to be planted, 293 caballerias are to be replanted, and 1,414 caballerias are to be cleaned by hand. By the second half of November, the motor pool has to be ready in Santiago de Cuba Province in order to guarantee that the 51 agricultural collection centers can process the 1.8 million arrobas of the expected sugar. Minaz Transportation Delegate Luis Dominguez has said transportation repair goals have been met by 104 percent to date. (Havana Radio Rebelde Network in Spanish 1700 GMT 6 Oct 95)

The sugar marketing company Cubazucar, the International Sugar Organization, and the Group of Latin American and Caribbean Sugar Exporting Countries sponsored a workshop with sugar brokers in Havana on the international sugar market. According to the brokers who participated in the meeting, held from 3-6 October, the price of this product will fluctuate from $0.09 cents-$0.12 cent per pound. (Havana PRENSA LATINA in Spanish 0540 GMT 6 Oct 95)

President Fidel Castro has attended the closing of a three-day meeting of the sugar sector that served to formulate a common strategy to face efficiently this coming sugarcane harvest. During the last session, Sugar Industry Minister Torres stressed the importance of carrying out repairs and having factories ready before the scheduled starting time. (Havana Radio Havana Cuba in Spanish 1300 GMT 8 Oct 95)

Roundup of Economic Developments

PA1010235895

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Cuba monitored through 10 October.

This year, not only are weather conditions favorable for an excellent coffee harvest, but coffee farmers have 70,000 changes of clothing, shoes, and rubber boots required for harvest activities. In addition, coffee farmers have received more than 200,000 quality files, and more than 126,000 machetes. All of these supplies are available because coffee is one of the products that has a financial program, in other words, it receives a percentage of the foreign exchange it generates to pay for all the necessary clothing and equipment. By August, the coffee harvest had yielded 20,000 quintals, which is slightly below projected figures for this period. From 30 September to 15 November, 40 percent of the coffee production is expected to be harvested. (Havana Radio Rebelde Network in Spanish 1155 GMT 29 Sep 95)

As of November, Cuba will begin operating luxury cruises as a new formula to bolster the tourism industry. JUVENTUD REBELDE stated that "Cubanco and the Italian company (Costacris) will begin to operate a sea route for European tourists. This route will visit ports in Dominican Republic, Cuba, and Jamaica." (Havana Radio Havana Cuba in Spanish 1300 GMT 2 Oct 95)

Recovery efforts continue in the rice fields of the municipality of San Cristobal, province of Pinar del Rio, following damages caused by heavy storms. The members of the 38th Brigade have planted 45 caballerias and have already harvested 25,500 quintals of rice in the first two months of the harvest. They also have 30 caballerias of rice ready to be collected. At the beginning of the harvest, the workers were able to collect 1,250 quintals per caballeria, however, as a result of poor weather conditions and since there are three machines without engines, they could only collect 1,100 quintals. (Havana Cuba Vision Network in Spanish 0000 GMT 4 Oct 95)

A 35-men brigade has begun road construction and repairs in the mountain area of Villa Clara Province in order to facilitate access to the coffee areas and improve communication among residents in the isolated region. (Havana Cuba Vision Network in Spanish 0000 GMT 4 Oct 95)

The tourism industry in the province of Santiago de Cuba registered revenues for more than $84 million in the past five years. This figure is eight times greater than figures registered in the previous five years. During that period, 274,640 tourists mostly from Canada and Europe, visited this province. A delegate of the Ministry of Tourism in Santiago de Cuba stressed that the growth registered recently was the result of the creation of Cubanacan, Cuban Tourism and International Trade Corporation, in 1987. Cubanacan operates more than 70 percent of the tourist facilities in this province; and it currently owns 12 hotels. Santiago de Cuba maintains air and sea traffic with key points in Europe, Canada, Latin America, and the Caribbean, and is getting ready to begin cruise operations. (Havana Radio Havana Cuba in Spanish 0000 GMT 4 Oct 95)

According to a commentary by Roberto Morejon, official reports indicate that Cuba plans to produce 1.5 million tonnes of crude by 1996, which constitutes twice as much the amount the country produced before the collapse of the Soviet Union. At the end of the 1980's, Cuba was consuming nearly 13 million tonnes of crude per year, but five years later, the country had to reduce its consumption by 6 or 7 million tonnes due to the serious economic crisis. Cuba has begun to reap the fruits of its shrewd decision to increase domestic production of crude jointly with renowned foreign companies as soon as possible. The national territory was divided in 32 blocks in land and sea to facilitate the participation of foreign companies interested in investing. Currently, eight companies from Canada, France, Great Britain, and Sweden are undertaking activities to explore and produce crude. If as expected, the production of crude for this year reaches 1.45 tonnes, the amount would mean an increase of 150,000 tonnes compared to figures registered in 1994. (Havana Radio Havana Cuba in Spanish 0000 GMT 4 Oct 95)

By September, farm workers increased their agricultural production to meet family basket demands and reduced state subsidies to the sector by more than 140 million pesos. This recovery is part of the new programs being implemented by the Ministry of Agriculture to cut down costs and improve efficiency. The harvest of more than 1 million quintals of tubers, grains, and vegetables stands out in this period, despite the drought, low fertility of the areas, and the damages caused by unfavorable weather conditions. However, these figures fall short compared with the original investment. For instance, products harvested by farmers working in Ciego de Avila and Granma only meet 50 percent of the population's needs. (Havana Radio Rebelde Network in Spanish 1155 GMT 5 Oct 95)

Anniversary of Che Guevara's Death Commemorated

PA1210011595 Havana Radio Havana Cuba in Spanish 0000 GMT 9 Oct 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] With voluntary work in various areas of the economy, tens of thousands of Cubans throughout the country today paid tribute to the memory of the late Commander Ernesto "Che" Guevara in the 28th anniversary of his death.

Cleaning tasks and agricultural production support work were carried out under the organization of the Committees for the Defense of the Revolution, which group residents of urban and rural areas according to the neighborhoods and blocks where they live.

In La Paz, the Confederation of Bolivian University Students and the Continental Latin American Students Organization organized the traditional march to La Higuera in Bolivia's southeastern mountains, where Che was executed by his captors on 9 October 1967, one day after he was wounded in combat at the Yuro ravine.

Haiti

Spokesman Rejects Republican 'Offensive' on Government

PA1110201095 Port-au-Prince Signal FM Radio in French 1030 GMT 11 Oct 95

[From the "Waking Up" newscast]

[FBIS Translated Text] The Republicans are waging a new offensive on Port-au-Prince. Influential Senator Robert Dole, U.S. Senate majority leader, (?criticized) the Aristide-Michel government yesterday. The U.S. leadership has yet to turn Haiti into a success story, Dole said, adding that he believes that Haiti's political process is deadlocked. Apart from President Aristide's party, all other political parties are calling for new elections. Senator Dole accuses the Haitian president of trying to set up a one-party system. The U.S. senator, citing reliable sources, denounced the role that government officials have played in political assassinations. Dole added that nobody can predict what might happen in Haiti next year, after the GI's depart. The Republican senator warned that it is too early to claim victory, despite the United States having invested the significant sum of $2 billion in the operation to return President Jean-Bertrand Aristide to power.

Yvon Neptune, Haitian presidency spokesman, has rejected Dole's accusations against the Port-au-Prince government with the back of his hand. Neptune was speaking on VOA's Creole service:

[Begin Neptune recording, in Creole] [Words indistinct] has raised against these actions and has asked those in charge of justice in the country to take all necessary steps to find those who committed these acts so that legal action can be taken against them. Of course, they have not yet arrested those they cannot confirm were inolved. The justice department and the police are working to solve those cases. [end recording]

The Republicans are giving Port-au-Prince 60 days to publish the results of the investigations into political crimes committed since President Jean-Bertrand Aristide returned to power. U.S. aid to Haiti for fiscal year 1995-1996 is assessed at $90 million. They will see to it that U.S. aid to Haiti is frozen if the results are not published.

Report: UN Chief Attendance at Assembly Sitting Possible

PA1110203095 Port-au-Prince Signal FM Radio in French 1030 GMT 11 Oct 95

[From the "Waking Up" newscast]

[FBIS Translated Excerpt] Deputies took the oath of office at the Haitian Parliament on 10 October. Ernst Pedro Casseus — the senior-most deputy and president of the provisional legislative office — and three secretaries in the office took the oath first, in accordance with constitutional guidelines. One thing that the 45th and the 46th legislatures have in common is that both count three women among their members. The deputies swore to uphold the Constitution and defend the Haitian people in carrying out all of their duties. [passage omitted]

The deputies are scheduled to elect the head of the lower chamber on 13 October.

Newly elected senators are scheduled to take the oath this morning.

President Aristide will then convene the 46th legislative sitting at the National Assembly, reportedly on 15 October.

VIPs, including U.S. Vice President Al Gore and UN Secretary General Butrus Butrus-Ghali — who will be in Haiti marking the first anniversary of President Jean-Bertrand Aristide's return to power — may attend.

Presidents Zedillo, Clinton Hold 'Meeting Between Friends'

PA1110134195 Mexico City XEW Television Network in Spanish 0400 GMT 11 Oct 95

[Report by Washington correspondent Guillermo Ortega; passages within quotation marks are recorded remarks by President Zedillo; from the "24 hours" newscast]

[FBIS Translated Excerpt] President Zedillo completed his first day of official activities in Washington today. He attended an official welcoming ceremony and spoke with President Bill Clinton for more than one hour at the White House this morning. There were four recurring issues in both the speeches and private meetings: The financial crisis, trade, drug trafficking, and migration.

President Clinton began by offering Mexico his condolences over the quake victims of Colima and Jalisco. He then praised the Mexican president for facing the huge challenges of December and for confronting the crisis courageously and decisively. President Clinton noted: The cost of taking action was high, but the price of taking no action would have been much higher. The U.S. President said that the anticipated payment of $700 million shows that the actions that have been taken were the right ones. [passage omitted including recording of President Clinton's remarks]

President Clinton said that in helping the Mexican Government, the United States seeks neither favors nor special concessions but merely wants to help Mexico remain a free, strong, and stable country on the road to democracy and prosperity. The U.S. President said that the crisis threatens 700,000 U.S. citizens whose jobs depend on exports to Mexico.

Both Presidents Clinton and Zedillo agreed that Mexico has met its NAFTA commitments despite difficulties:

"Trade between the two countries already amounts to more than $100 billion annually."

Both presidents described drug trafficking as a most dangerous enemy that must be defeated and a terrible source of violence and corruption. They agreed to cooperate in an unprecedented struggle against drug trafficking, while respecting both nations' sovereignty. [passage omitted]

President Clinton admitted that as a big drug consumer, the United States is obliged to assume greater responsibilities in the struggle against drug trafficking. [passage omitted]

A reporter asked President Zedillo if it is true that he received Cali Cartel money for his presidential campaign. The Mexican president answered categorically:

"That Colombian magazine report, which cites alleged DEA sources, is completely false. DEA has issued a communique completely denying the report. We will take legal action against the Colombian magazine that published this slander."

Presidents Zedillo and Clinton announced plans to implement a voluntary repatriation program for Mexicans who have crossed the border illegally into the San Diego area:

"We agree that our countries' respective laws, as well as the peoples' rights and dignity, must be respected."

We could say that the Clinton-Zedillo meeting was a meeting between friends. It has been said here on several occasions that ties between Mexico and the United States have never been as strong or as important.

Today's itinerary included breakfast with the editorial staff of THE WASHINGTON POST, lunch with Vice President Al Gore, a meeting with the OAS Permanent Council, a meeting with leaders of the U.S. Congress, and a ceremonial dinner with President Bill Clinton that concluded a few minutes ago.

President Zedillo will meet members of the U.S. Chamber of Commerce, receive Mexican-American congressmen and Hispanic leaders, and lunch with President Clinton at the OAS on 11 October. He will then travel to New York, where he will attend a private dinner with members of the Economy Club.

Zedillo Reasserts Economy's Positive Outlook

PA1210045295 Mexico City Radio Red Network in Spanish 0000 GMT 12 Oct 95

[Report by Victor Manuel Suberza from New York — live]

[FBIS Translated Text] The first phase of President Ernesto Zedillo's tour through the United States has concluded. This is important information if we base ourselves on the political concepts revealed before a group of businessmen — specifically the members of the U.S. Chamber of Commerce.

During the meeting, which included a question-and-answer segment, the president of the Republic said the economic project can be carried out in our country if reforms are implemented to establish a new order of honesty, legality, and democracy. The president of the Republic said history shows us that an authoritarian solution leads to poor government and bad economy.

In his address to the Chamber of Commerce representatives, about 250 businessmen gathered at the organization's headquarters, Zedillo said democratic changes in

Mexico are accompanied by an intensive debate, which must not be confused with a political crisis. The president said the political opening must not be confused with indecision and the debate must not be confused with disorder.

During this session the president gave an ample explanation on the financial situation that currently prevails in our country. He said Mexico is a good place to invest and it will be even better. The president openly defended what the NAFTA has represented when facing this critical phase, and he said it is a fulfilled pledge — a pledge for more employment, better salaries, and a new shared prosperity. He said results of the NAFTA have been generous despite the rhetoric of the NAFTA's critics and detractors; adding it has fulfilled expectations and it has been tested in a serious economic crisis' turbulent times. The opening of our market will continue because this is the best way for Mexico to achieve progress, President Zedillo also said.

In the question-and-answer segment he pointed out that he opposes the establishment of any control for short-term capitals. He said it has not worked in any country, and he mentioned Chile's case. President Zedillo added: Some analysts say it works in Chile but what is actually working is that the South American country has a high level of internal savings, approximately five percent of the GNP.

Before leaving Washington the president attended a dinner offered by President Bill Clinton at the OAS headquarters. Zedillo said the following:

[Begin Zedillo recording] We cannot be defeated by the fear to live and work in a much more open and interdependent world. We cannot fall for the nostalgia of certain people who mistake security for isolationism, personal prosperity for barriers against others, and progress for protectionism. [end recording]

Zedillo arrived in New York this afternoon. He met with members of the Mexico-U.S. Business Council at the Hilton Hotel. Confidence prevails among the businessmen regarding Mexico's economic recovery but there are also doubts about the petrochemical industry's future and the handling of gas, its storage, and its distribution. The president gave an ample explanation about the legislative process that must be followed for these two important areas of the Mexican economy.

Here is where an important announcement was made, taking into consideration what was revealed during this meeting. The consensus among the main leaders, directorate members of — I will mention only a few — Du Pont, Kodak, [name indistinct] are determined to make joint investments in excess of $12 billion in next five years. According to this, we are talking about productive investments, to establish industries, factories, and, of course, the generation of jobs as a direct consequence.

The president of the Republic will dine this evening with members of the Economy Club here in New York. This has been a brief summary of the activities carried out by the president of the Republic in the second day of his state visit to the United States. He is now in New York.

Government Rejects Cali Cartel Links to Zedillo Campaign

PA1010034795 Mexico City LA JORNADA in Spanish 9 Oct 95 p 4

[Unattributed article: "Government Secretariat Denies Narcotraffickers Financed Zedillo's Campaign"]

[FBIS Translated Text] The Government Secretariat has described "as absolutely false information disseminated yesterday by certain agencies, citing Colombia's CAMBIO 16 magazine, that drug trafficking groups contributed funds to the electoral campaign of the presidential candidate of the PRI [Institutional Revolutionary Party]," Ernesto Zedillo.

According to an article appearing in that magazine cited by AP, AFP, and EFE, the Cali Cartel reportedly financed not only the electoral campaign of Colombian President Ernesto Samper but also sent money to the campaigns of current Mexican President Ernesto Zedillo and former Venezuelan President Carlos Andres Perez.

According to the Colombian magazine, which cites an anonymous DEA informer, this statement was made by Guillermo Pallomari, the former accountant for the Cartel, but the publication also admitted that "it has no concrete evidence against President Ernesto Samper or Conservative Party leader Andres Pastrana."

As for the alleged contribution of funds to the campaign of the current Mexican president, Pallomari admitted that "he (Ernesto Zedillo) was probably unaware of this."

In a communique, the Government Secretariat stated that the U.S. Government yesterday evening "voiced complete certainty" that the information put out by this publication is "categorically false."

According to the article, Pallomari, who is currently under the U.S. Government's witness protection program, reportedly also revealed specific data regarding links between Cali drug traffickers and Juan Garcia Abrego, chief of the Gulf Cartel.

Pallomari, basing his claims on original documents, reportedly implicated about 150 Colombian liberal and conservative politicians, including 80 representatives, 30 senators, and 35 mayors, who received a total of more than $7 million from the cartel that was headed by the Rodriguez Orejuela brothers, who were detained between late 1991 and mid-1994.

Following is the full text of the Government Secretariat communique:

"The information disseminated on this day by certain agencies, citing Colombia's CAMBIO 16 magazine, that drug traffickers contributed funds to the electoral campaign of the PRI presidential candidate are absolutely false.

Reports on expenses made in the political campaigns of last year's federal elections were in due time submitted to the Federal Electoral Institute, the organization that reviewed and issued opinions on them.

Due to the slanderous nature and the anonymous origin of the aforementioned claim, the Mexican Government voices its most vigorous protest to Colombia's CAMBIO 16 magazine. We will now proceed to analyze the juridical feasibility of filing a criminal suit against this publication.

The report published on this day by CAMBIO 16 magazine is attributed to unidentified sources of the DEA.

The U.S. Government this evening voiced its complete certainty to the Mexican Foreign Relations Secretariat that the information disseminated by CAMBIO 16 is categorically false and that it will publicly establish this tomorrow (9 October). [no closing quotation mark as published]

Debtors Demand Resignation of Bank Group President

PA0710040795 Mexico City Radio RED Network in Spanish 0000 GMT 7 Oct 95

[Report by Rosa Elena Luna in the "Night Monitor" newscast]

[FBIS Translated Text] Bank debtors are saying that if there is no real solution to the problem, as of 1 November, when the legal truce between banks and clients ends, there will be serious difficulties between the two.

This Friday, a group of people belonging to the Citizens Assembly of Bank Debtors [Asamblea Ciudadana de Deudores de la Banca] went to the Mexican Banking Association with two letters, one requesting the resignation of Eduardo Fernandez, head of the National Banking and Stock Exchange Commission; and the other requesting the resignation of Jose Madariago Lomelin, President of the Mexican Banking Association because, they explained, they have not helped resolve the notes due problem and have exhibited a poor disposition toward a dialogue and negotiations.

Gerardo Fernandez, president of the bank debtors assembly, has said that the debtors are not against paying, but the amount to be paid must be fair and in line with the possibilities of each debtor. He also demanded that the government retake control of the banks.

[Begin Fernandez recording] The positions, the [words indistinct] payment on capital, the creation of minimum salary units instead of the UDI's [investment units], and different packages for the various types of credit. Today we are promoting a campaign so that the banks temporarily return to the hands of the federal government to resolve the notes due problem.

We believe that in the hands of the government, the banks can create instability and uncertainty, but it will be necessary to run this risk if bankers remain closed to the possibility of a negotiated way out of the problem. If they maintain this position, then the uncertainty risk would be a minor risk compared to the social tension that would be generated if the announced clients-banks confrontation takes place once the alleged legal truce concludes. [end recording]

Fernandez said debtors need assistance. He also said that reports about the number of people who have made debt arrangements are inflated. Fernandez plans to continue with his mobilization plans including a march with coffins and the placing of miniature skulls at banks on 31 October.

Staple Sales Drop Despite Latest Economic Measures

PA0710034995 Mexico City Radio Red Network in Spanish 0000 GMT 7 Oct 95

[Report by anchor Martin Espinoza and journalist Jorge Diaz at the Legislative Assembly; from the "Night Monitor" newscast]

[FBIS Translated Text] [Espinoza] The situation is so difficult nowadays with the money problem that we are not only in a recession but also a depression. Proof of this is given by the self-service stores, which have registered a considerable decrease in sales — not of luxury items but of staples. These sales have also dropped.

[Diaz] The statements given by Finance Secretary Guillermo Ortiz were intended to calm waters that were about to overflow in the national financial market. Fauzi Hamdan Amad, chairman of the Public Administration Commission, said the worrisome thing about these statements is that they announce a budget which, albeit balanced, does not include the intention for a prompt reactivation of the economy.

He recognized it would not be right to ask that this recovery occur overnight, but 3-percent growth in the GNP will not solve the critical unemployment problem and loss of Mexicans' purchasing power. The National Action Party [PAN] representative said nothing will be resolved by the measures announced by the finance secretary, and they will not avert the great economic debacle that we suffer this year and that is not only recessive but is also depressive in nature.

[Begin Hamdan recording] The latest figures from the [word indistinct] regarding supermarkets and food stores indicate sales of necessary products, meaning food, dropped 11 percent. Such a drastic drop in a primary and necessary area like this has never been experienced in the country's history. [end recording]

[Diaz] Fauzi Hamdan said federal authorites want to base the success of their economic policy on internal savings, or to make it appear that this is so. He said people should reflect that these savings will not occur without the production sector's reactivation and the generation of jobs because at least 70 percent of the economically active population must save between 15 and 20 percent of their income to result in good internal savings, and it is almost impossible right now. The PAN representative said: Definitely, we still depend on external savings, and we must be aware of this.

Business Leaders: Economic Outlook 'Uncertain'

PA0810152695 Mexico City LA JORNADA in Spanish 5 Oct 95 p 52

[Report by Raul Llanos Samaniego]

[FBIS Translated Text] Mexico's short-term economic outlook is "absolutely uncertain;" no real solutions appear to be in sight, and things look more complicated each day, according to the leaders of the Confederation of Industrial Associations (Concamin), the National Association of Manufacturers (Canacintra), and industrialists from Vallejo. They have said the lack of ties between the federal executive and the business sector is causing the government programs to fail.

In separate interviews, they have said the main "difficulties" affecting our economy are: The lack of an industrial policy, expensive financing, unemployment, depression in the domestic market, and low purchasing power, which, if unattended, may result in social chaos. Regarding the assessment of President Zedillo's first eight months in office, most of those consulted have termed his performance as "regular." Despite his good intentions, they have said, it will take him longer than expected to resolve the current problems, because the crisis has been very serious.

Julio Cano Larranaga, leader of the National Chamber of the Rubber Industry [Camara Nacional de la Industrial Hulera — CNIH], has said the short-term prospects for Mexico are "bad," difficult to predict in the medium and short term. In addition, he believes "we will overcome" the crisis in the long term.

Cano Larranaga has argued that many industries are really troubled, because they cannot move. They are suffering from an acute lack of liquidity, and most of them are going to die if something is not done quickly. The ones that are tumbling will fall and will not get back up again.

"I really believe President Zedillo has confronted too many problems to straighten things out. He must work very hard; he is a man filled with goodwill who is very concerned about the country, but it will take him longer than he thinks to overcome this period," he has said.

Meanwhile, Roberto Sandoval Fastacio, president of the Capital Goods Section of Canacintra, has said the federal executive has demonstrated interest for the country, "but there is no appropriate coordination with businessmen, so the programs are based on real events."

He has said we need a closer dialogue between those handling development programs and businessmen, because we need to be heard and our proposals considered. Otherwise, he added, the government will be unable to do things alone.

Saldoval Fascio, who was interviewed at the Canacintra office, has said the economic situation is worsening each day. He has said that since the beginning of the year, we have been seeing absolute uncertainty despite the alternatives presented by the government. We really do not see a short-term solution in sight, and this may hurt us in the midterm.

He has said it is important to meet the lack of financing as well as to tackle the fiscal aspect and unemployment, because that may prevent social outbreaks. The more unemployment grows, the faster this will take us to chaos, he added.

In addition, Mario Vazquez Rodea, president of the Association of Industrialists of Vallejo, has said the situation the country is experiencing is very difficult, adding that if everyone expected the reactivation to occur by late 1995, the panorama will not change until the second half of 1996. In other words, Vazquez Rodea has said, as long as the government does not print more money, the economy will continue to be repressed, and the drop in sales, the people's low purchasing power, and the lack of liquidity of businesses will continue.

With a different view, Rodolfo Cruz Miramontes, leader of the National Chamber of the Cement Industry, has said the federal executive has done all it could in the first eight months of the year. What happens is, he continued, that "the size of problems is gigantic, and when it seems we are overcoming the crisis, new issues start popping up."

According to Cruz Miramontes, Mexico's economic prospects are good in the short, medium, and long term. "We are beginning to get fresher air, strong economic injections that are going to improve the situation can be seen, and an economic reactivation will be experienced shortly," he concluded.

Financial Market Optimistic Following Announcement

PA0710215695 Mexico City EL FINANCIERO in Spanish 6 Oct 95 p 7

[Report by Irma Contreras and Wendy Rodriguez]

[FBIS Translated Text] Local financial markets reacted with optimism yesterday following statements by Finance Secretary Guillermo Ortiz regarding Mexico's economic situation, especially the share market, which in turn was favored by a hike in Wall Street.

The Price and Quotation Index closed with 2,347.65 units, which represents a 90.52 point (3.55 percent) increase compared to the day before.

The exchange market, in turn, was stable with the dollar showing mixed results: That same day the value dropped 35 thousandths of a point, [35 milesimas], 24-hour contracts dropped 15 and, conversely, the 48-hour spot [preceding word in English] rate moved up one cent.

Meanwhile, secondary market interest rates returned to the previous week's level when they dropped more than 2 percent.

Demands were consistent during the first few hours into the shift, both from local and foreign investors, who reacted to the confirmation of a free-floating currency exchange and the depressed state most shares are in, and decided to retake short and medium-term positions.

One other factor that boosted variable yield purchases was the successful Eurobond issue worth 1 billion German marks ($700 million), which is the Mexican Government's third issue under good terms.

This has served to clarify some of the doubts that kept variable yield investors away, especially local investors, which were the ones who caused the critical market situation in previous market days.

Even though by midday the share market halted its upward trend and dropped 30 points, the currency exchange stabilization and the drop in secondary interest rates brought back investors' hope.

The increase was backed by high volume, when 133 million shares were exchanged, which is a positive technical aspect. One cannot, however, speak of a share market reversal until it reaches 2,448 points, which is the average 40-day level.

In fact, before declaring victory, one cannot rule out that the price climb will stop and leave the 2,200 point level as support when third quarter business reports begin to be leaked, showing the expected drop in sales and profits.

Moreover, 92 percent of the New York shares closed high. The most active shares were Sidek, with a 12 percent increase; followed by Dina and Televisa, with 8.7 and 9.42 percent increases. Meanwhile, Telmex had a 2.17 percent positive variation for its A series and 4.29 percent in the L series.

Wholesale market exchange rates closed with mixed results after a session in which price stability prevailed following the announcement by Finance Secretary Guillermo Ortiz on placing 1 billion marks in the German market and free floating the Mexican peso, added to the positive performance of the national share market.

The same day the interbank dollar exchange rate and the 24-hour contracts dropped 35 and 15 thousandths, respectively. Conversely, spot contracts increased a cent compared to the previous day.

Same day exchange rates were 6.4950/6.515 new pesos; 24-hour rates were 6.5/6.52; and the spot rate was 6.525/6.545.

The teller rate only dropped 0.05 on the purchasing price and closed at 6.35/6.55 units.

EL Barzon Movement Leader Views Small Business Closures

PA0910140395 Mexico City Radio Red Network in Spanish 0000 GMT 6 Oct 95

[Report by Rosa Elena Luna from "The Night Monitor" newscast]

[FBIS Translated Text] Ninety-nine percent of small- and medium-sized enterprises are virtually broke and have no viable solution to their financial problems, leaders and members of the Mexico City El Barzon Movement have said in a general assembly.

Alfonso Ramirez Cuellar, leader of the Mexico City El Barzon Movement, has said the number of small businesses that have closed so far this year is troubling:

[Begin Ramirez Cuellar recording] I believe 99 percent of small- and medium-sized businessmen are broke. In fact, approximately 20,000 businesses have gone out of business so far in 1995. Following the December financial crisis, 20,000 medium- and small-sized enterprises have disappeared, and there is no certainty they may reopen. [end recording]

El Barzon Movement leaders have said the Agreement for Immediate Support to Bank Debtors [ADE] is not an alternative. In this regard, they have called for a new scheme of debt restructuring, where payments are made according to income:

[Begin Ramirez Cuellar recording] Certain proposals, such as the creation of a coordinating board of the small- and medium-sized enterprises, have been made. This proposal should include a debt restructuring. We are also calling for a new pact scheme. The pact at this time has died. The formulas they are using repeat the same old scheme. [end recording]

El Barzon Movement leaders added that bankers are waging a war of figures, but they did not explain the implications of the ADE.

Meanwhile, El Barzon Movement members have announced that a commission of this group of debtors will travel to Washington on 6 October to meet with U.S. academicians and congressmen. They will also stage protests in front of the IMF to denounce the situation in Mexico. Among other actions they will stage, they will meet at the Government Secretariat at noon on 7 October and will participate in a forum organized by the Chamber of Deputies on 13 October.

In addition, Ramirez Cuellar has disclosed they are planning for December a national mobilization to the federal district with tractors and vehicles.

Bishop Ruiz Recommends Postponing Elections in Chiapas

PA0710035095 Mexico City LA JORNADA in Spanish 5 Oct 95 p 7

[Report by Elio Henriquez and Matilde Perez U.]

[FBIS Translated Text] San Cristobal de las Casas, Chiapas, 4 October — Bishop Samuel Ruiz Garcia, president of the National Mediation Commission (Conai), has said that in view of the climate of violence in the state "it would be very healthy" to postpone the upcoming 15 October elections in Chiapas, for the sake of the peace process.

At a joint conference with Assistant Bishop Raul Vera Lopez, Ruiz said that unless we assume this "historical responsibility — whether we like it or not —what is happening will affect the dialogue, and we can lose what we have gained so far."

Before dozens of reporters from the national and international media, the Guanajuato-born prelate stressed that in view of the current situation in various parts of the state "elections should not be held if we see that violence cannot be avoided, or we should do everything possible to minimize the negative consequences we can foresee, which could be very stormy."

The conference was called at 1900 on the occasion of the official installation of Raul Vera Lopez as assistant bishop. In response to a question, Bishop Ruiz referred to the electoral process scheduled for 15 October.

He said he is "worried and anguished" because on 15 October "if the current situation continues and no corrections are made to prevent an outburst, 15 October could be a very bloody day." I hope "I am a bad prophet predicting what is only in my imagination," he stressed.

Then he asked: What happens when there is impunity and enervation, when there are physical attacks, missing persons, and things fall overboard, and individuals who can be moral authorities are eliminated? What will happen?

I understand — he answered himself — that there is "anguish, but the fact that we have a clear electoral law and that the IFE [Federal Electoral Insitute] is in the hands of citizens is not enough; we have had excellent laws in Mexico for a long time, and we experienced a war out of desperation."

Consequently, and because "the right conditions are not present, there is no social tranquillity or credibility in this specific situation, and there are no "expectations or hopes" that the electoral process will take place in absolute tranquillity.

Bishop Ruiz then said that if mechanisms could be found and those responsible for these (the elections) would consider the possibility of postponing the elections a few months "it would be very healthy for the peace talks."

During the news conference, which was held at the offices of the Diocesan Curia, Ruiz Garcia announced that possibly in the next few days he and the other bishops in Chiapas will issue a communique "in which we will issue a plea, we do not know in what terms yet, but the situation does not exactly call for expressing our opinion, because it is desperate."

Only yesterday, the Zapatist National Liberation Army called upon the federal and state authorities and on the Congress of the Union to "stop the climate of provocation and violence" that currently prevails in Chiapas.

Government Reveals Drug Control Program for 1995-2000

PA1010131295 Mexico City XEW Television Network in Spanish 0400 GMT 7 Oct 95

[From the "24 Hours" newscast; passages within quotation marks Lozano recording]

[FBIS Translated Text] The Mexican Government has revealed its strategy in the war on drugs for the next five years. Attorney General Antonio Lozano Gracia unveiled the national drug control program for 1995-2000 on 6 October. The program includes three basic strategies, addressing the issues of prevention, supply and demand, and controls on debilitating and mind-altering substances:

"The first strategy is to establish a culture of prevention, to spread knowledge of the problem and its personal and social consequences."

He asked that everyone cooperate in this area.

"The second strategy is to step up efforts to prevent illegal drugs from being produced."

He proposed increasing regional development to meet this end, including creating jobs for peasants and Indians to keep them from producing drugs.

"The third strategy deals with fighting drug trafficking. We all know that this country is a stopover for drug traffickers."

He also stressed the importance of establishing special governmnent structures to fight the drug trade and to curb consumption and to enlist society's help in these efforts.

Document Outlines Army Reorganization, Part III

PA0610234995 Mexico City EL FINANCIERO in Spanish 27 Sep 95 pp 42, 43

[Third and last installment of article by Ignacio Rodriguez Reyna: "The Enemy Is Also Within: Rainbow Task Force; The Army Is Not Laying Down Its Weapons"]

[FBIS Translated Text] *There will be no more nights like these, no more 31 Decembers in San Cristobal, Ocosingo, Las Margaritas. Since the rifles of both sides have been silenced in the Chiapas mountains, the Mexican Army has deployed such a force in the country's southeast that it would be impossible to even think about a foolhardy attempt.*

It would be fatal. Since January 1994, the military high command has paid utmost attention to events in Chiapas and has increasingly reinforced its presence.

Even in 1995, when the dialogue seems to be advancing, even minimally, the Army has not laid down its weapons.

According to confidential documents drawn up by the National Defense Secretariat (Sedena), for this purpose, it has created in that state an Army special force called the Rainbow Task Force, formed by approximately 10,000 men and "maintained on alert and ready for immediate and decisive action."

Such a military group, the documents added, is prepared to "stage raids," using every available resource.

Internal Sedena reports also show that, for 1995, the Army has requested the purchase of more military equipment, part of which will be used for the Rainbow Task Force and to supply the detachments located in Chiapas.

Nevertheless, the acquisitions cannot be compared to those made in the previous six years when the Army and the Air Force acquired large amounts of supplies and armaments.

Forces "Ready for Raids"

In the 1995 Mexican Army and Air Force Development Program, a 20-page document plus its annex, there is a chapter dedicated to establishing the guidelines to be followed in Chiapas.

Three of them stress:

1. "Intensification of Mexican Air Force training in aero-tactical operations (in Chiapas), for the purpose of providing fire support to ground forces."

2. "Creation of airborne units with special forces, with priority for the southeast, including in their training machine-gun strafing and rocket launching operations in support of ground forces."

3. "The Rainbow Task Force troops must be ready for immediate and decisive action and to undertake infiltration and escape operations, raids and strikes, employing the necessary force."

For Guillermo Garduno, a sociologist specializing in military issues, "employing necessary force" means everything.

"It means undertaking highly selective, effective, and precise operations. If you must blow up a bridge, you do it. The same thing if it is a building. The objective is to cause the greatest possible damage to the enemy, without excesses and without complications."

With such a force, in the case of an armed uprising as the one in Chiapas, the Army's action would have been different. "Absolutely different, implacable," Garduno said.

According to the documents which have been obtained, as part of the strategy in Chiapas, the armed forces assigned to that zone are also waging "electronic warfare." In addition, groups of special forces have been created and trained to conduct anti-guerrilla operations in the jungle.

The special forces, authentic commandos, are trained in techniques and tactics with special weapons and in attacks from vehicles; detection, activation, and defusing explosive devices; counterterrorism; and attacks on buildings.

"They form a group well trained in counterinsurgency and drugs. Each one of their members has specialized in explosives, shooting special weapons, telecommunications, use of helicopters, and other things," a military source explained.

One of the special operations bodies was especially created to be stationed at the main square in Ocosingo, Chiapas, which is one of the towns in which most of the people support the EZLN members. In addition, another infantry battalion trained in special operations was transferred from Tenosique, Tabasco, to the main square in Palenque, Chiapas.

Along with these moves, changes in the territorial structures of military zones were made in order to be in condition to react adequately to any event. For instance, the Yajalon, Sitala, and Chilon municipalities no longer belong to 31st Military Zone jurisdiction as they were incorporated onto the 38th Military Zone. In the case of the Frontera Comalapa municipality, it was transferred to the 36th Military Zone.

"Electronic War" Equipment

The military leadership has ordered other measures since early 1995, measures that must have been taken by now. Following is a list of such measures:

— The creation of a reaction force in Chiapas, organized into a command and commando units that will be permanently analyzing the solution of problems that may emerge.

— The creation of a special airborne forces group in Chiapas.

— The definition of an organizational combat system in each one of the groups making up the Rainbow Task Force.

— The establishment of an efficient electronic war transmission system, beginning with the Rainbow Task Force.

— Purchase of night vision, telecommunications, and protection equipment to support the Rainbow Task Force troops.

— Purchase of six retransmission cells and equipment to enlarge the frequency range in mobile radio-goniometry in an effort to make efficient the electronic war transmission system.

However, in addition to defining the strategies to follow and the preparations made to face a likely combat resumption, the armed forces have collected a considerable amount of weapons.

By late 1995, they expect to have purchased, among other equipment and weapons, 15 Maule MX-180 planes, systems to position planes, bullet-proof vests, night vision goggles, night vision telescopic sights, and laser target designators.

Thirty PC-7, T-33, and P-5 systems to position planes; night vision goggles for pilots; 158 night vision goggles; 88 night vision telescopic sights; 148 laser target designators; 10,000 bullet-proof vests; and spare parts for Sikorsky and MD-530 helicopters were purchased for Chiapas and the Rainbow Task Force.

The total amount of purchases authorized for 1995 is 731.3 million new pesos, which is a small figure if we are aware that most purchases of equipment and weapons were made in the previous six-year presidential term.

Weapons Purchases for 1989-1994

According to documents the Sedena [National Defense Secretariat] Staff drafted, during the previous six-year presidential term, the Mexican Army replenished, to a large extent, its shortages and acquired a surprising mobility thanks to the purchase of the following equipment and weapons:

— 20 Bell 212 helicopters, 10 of which are armed with artillery;

— 22 McDonnell Douglas helicopters, 10 of which are armed with artillery;

— 6 Sikorsky helicopters;

— 17 Pilatus planes (the Swiss Government canceled the sale of 40 similar planes, because it believed they could be used for war-like purposes);

— 16 X-180 Muale aircrafts

— 4 Arava aircrafts

— 1 C-130 Hercules aircrafts

— 2 Scheweizer aircrafts

— 2,205 Hummer armored personnel carriers

— 829 Hummer carriers for reconnaissance missions

— 101 Hummer VTA vehicles

— 162 Hummer VTS vehicles

— 255 Mercedez Benz

— 856 HKL-19 40-mm machine guns.

— 675 tripods with train and elevator

— 270 MK-1 rockets

— 500 Blindside rocket launchers

— 1,425 mortar aiming devices

— 192,874 40-mm M430 grenades

— 161,018 40-mm M433 grenades

— 85,678 40-mm M781 grenades

— 1,242 40-mm red phosporus grenades

— 7,574 40-mm M-203 grenade launcher additional parts

— 2,800 lbs of tear gas

— 374 37/39-mm shotguns

— 192 .50 calibre machine guns

— 500 semiautomatic rifles

— 3,600 tear gas canisters

— 473,000 units of camping equipment

— 660,000 campaign rations

The large quantity of campaign rations, a large percentage of which were purchased in the United States — it is estimated each ration costs $6.00 — led the military top brass to build a plant for making army rations in Irapauto, Guanajuato, at a cost of 18 million new pesos, including machinery.

According to the document "Acquisitions and Authorized Works: 1st and 2d Priorities," as part of the building program prepared by the General Staff of la Sedena, the armed forces will construct the following works:

— 7th Military Region General Headquarters, El Sabino, Chiapas State (2.8 million new pesos)

— Headquarters of the 20th Infantry Battalion, in El Sabino, Chiapas State. (16.2 million new pesos)

— Remodeling of the National Defense Secretariat building (5 million new pesos)

Support for Social Development

— Implementation of social work of great impact, through use of work teams with machinery and construction materials for repairing roads or cementing streets, construction of secondary roads, drainage and water supply networks, and bridges.

— Providing civilians with first aid courses and courses on how to deliver babies.

— Employment of civilians in social works, paying them a salary in coordination with Sedesol [Social Development Secretariat].

— Continue application of the DN-III-E plan with suitable equipment and training.

Purchase of Equipment and Arms Authorized for 1995*

First Priority Total: 172,959

Description	Cost**
Motorize infantry	70,200
158 night vision goggles	2,954
88 night vision telescopic sights	2,008
148 laser target indicators	936
10,000 bullet proof vests	27,170

Spare parts for Sikorsky helicopters	2,864
Spare parts for MD-530 helicopters	9,900
15 MX-18 Maule airplanes and spare parts	10,944
Air munitions	16,744
10 hudraulic servo commands for Bell helicopters	1,100
30 positioning systems for PC-7, T-333 Airplanes	1,684
30 night vision goggles	2,944
Second Priority Total 558.443	
Electronic mail and restructuring of the same central system	8,076
Communications via satellite system	35,091
2 CN-235 fighter airplane and parts	153,945
Spare parts for F-5, C-130 and T-33 Airplanes	17,290
Parts for flight simulators	8,050
Recovery plan for C-130 Airplane	70,840
Recovery plan for one 727 airplane	11
Spare parts for radar	12
Spare parts for Pilatus, Arava, and other airplanes	35
*Partial list of acquisition and works approved	
** numbers in millions of new pesos	
Source: General Staff of the National Defense Secretariat.	

Four Parties Agree on State Reform, National Dialogue

PA0910025095 Mexico City REFORMA in Spanish 6 Oct 95 p 5A

[Article by Julieta Medina]

[FBIS Translated Text] State reform will not only be political, but will also be economic, the four political parties represented at the Chamber of Deputies agreed after deciding they will fulfill the agenda of the Chiapas' Harmony and Peace Commission [Cocopa] to promote the national dialogue.

At the conclusion of a meeting held by the deputy coordinators of the PRI [Institutional Revolutionary Party], PAN [National Action Party], PRD [Party of the Democratic Revolution], and PT [Labor Party], the leaders of the groups reported on their agreement to get state reform to be guided by the Cocopa's agenda that was submitted at the beginning of the year and that includes economic reform.

The list of topics on Cocopa's national dialogue includes a revision of the division of powers for the establishment of a democratic presidential regime and a new federalism in which power, responsibilities, and resources are redistributed between the federation and the states.

Electoral reform was proposed establishing the autonomy of the electoral bodies, providing more citizen participation in the electoral process, and calling for the drafting of rules for forming coalitions, the democratization of the Federal District, and the redistribution of representatives in both chambers.

Cocopa proposed legal reform on human rights matters with the establishment of Indian autonomies, the creation of a referendum, a plebiscite, the people's initiative, and a deep revision of the justice system.

The agenda also includes economic reform to promote economic growth, the creation of jobs, and income redistribution.

Humberto Roque Villanueva, president of the Great Commission of the Chamber of Deputies, said there is full consensus on what state reform should be: The revision of the institutions that strengthen the state.

Ricardo Garcia Cervantes, leader of the group of PAN deputies, said the coordinators agreed to have ready by next Monday, 10 October, a definitive proposal to convene a national dialogue.

Agreements with the Senate are expected for next week. The leaders of the political parties should be informed about the agreements reached by then before the national dialogue is convened; all of this will be previously reviewed by the PAN in its national council on 15 October.

Jesus Ortega, coordinator of the PRD deputies, and Joaquin Vela, coordinator of the PT deputies, both praised the progress made by the political parties at the Chamber of Deputies.

A PRI proposal for convening the national dialogue was distributed at the Chamber of Deputies. The PRI suggests the date for convening the national dialogue should be 15 October.

Roundup of Economic Developments

PA1010183295

[FBIS Editorial Report] The following is a compilation of reports on Mexican economic developments monitored through 9 October.

The IXE Financial Group reports that $2 billion left the country 14-27 September as a result of the "nervousness" surrounding and the "volatile nature" of the Mexican stock market. The Bank of Mexico reports that at least $32 billion in foreign capital has flown the country due to political and social events in the past 19 months. The Bank of Mexico was forced to inject 24.137 billion new pesos into the secondary market because of the increased need for foreign currency, aside from the government's foreign debt and Tesobonos (Treasury Bonds) payments. A slight increase in interest rates is foreseen. (Mexico City LA JORNADA in Spanish 2 Oct 95 p 10)

REFORMA's research department has discovered that the price index on a number of basic goods and services in the Federal District increased 1.4 percent in September 1995. The accumulated inflation rate is 52.8 percent. In September, prices on general goods and services increased 1.4 percent, clothing 1.7 percent, health and personal care 1.5 percent, and food 1.2 percent. (Mexico City REFORMA in Spanish 2 Oct 95 p 25A)

Mexico's GNP dropped 6.73 percent during the fist semester of 1995. The World Bank classifies Mexico as a middle-high income country. Its annual report, which was released last week, lists Mexico's production per capita as $3,610. Dependence on foreign capital to increase the GNP caused internal savings to drop from 58.8 percent in 1988 to 28.3 percent during the first semester of 1995. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 2 Oct 95 p 3A)

The National Association of Self-Service and Department Stores (ANTAD) has reported that food purchases decreased an average of 18 percent during the first eight months of 1995. The decrease in supermarket purchases was 20 percent, in self-service stores 30 percent, and in department stores 51 percent. (Mexico City LA JORNADA in Spanish 2 Oct 95 p 64)

Jaime Zabludovsky, deputy secretary for international trade talks at the Finance Secretariat, has reported that foreign investments in Mexico have reached $7 billion so far in 1995. Raul Ramos Tercero, deputy secretary of commerce and industrial development, has acknowledged that productivity levels have not yet recovered but that the tendency is now more favorable. A total of 50 percent of foreign investments are in the manufacturing sector. (Mexico City LA JORNADA in Spanish 3 Oct 95 p 46)

National Finance Bank (Nafin) Director Gilberto Borja Navarrete has unveiled a new plan to facilitate loans and unify financial terms and policies for the private sector. Gregorio Puzan, director of the UN Organization for Industrial Development (ONUDI) in Mexico, has said that Mexico is implementing a Nafin- and ONUDI-sponsored technical development investment program. (Mexico City LA JORNADA in Spanish 3 Oct 95 p 47)

Panpais reported an overdue portfolio of 11.7323 billion new pesos on 30 June 1995, an increase of 598 percent compared to the 1.679 billion new pesos reported on 30 December 1994. Panpais' total portfolio for the first semester of 1995 was 27.3634 billion new pesos, a 36.9 percent increase. Panpais lost 5.699 billion new pesos during the first semester of 1995. (Mexico City REFORMA in Spanish 3 Oct 95 p 22A)

Mexican Petroleum (PEMEX) received a $130 million long-term loan from U.S. investors to be used in oil exploration and perforation of new wells. PEMEX reports that between 1995 and 1996 it plans to get an additional $450 million in long-term loans. (Mexico City EL FINANCIERO in Spanish 3 Oct 95 p 10)

The Bank of Mexico reported today that Mexico's international reserves totalled $14.699 billion on 29 September, $419 million less than last week. (Mexico City XEW Television Network in Spanish 0400 GMT 4 Oct 95)

Strong support by stockholders to Bancrecer and Banoro Banks allowed joint net profits of 218.9 million new pesos during the first semester of 1995. Bancrecer reported profits of 23.89 percent and Banoro of 18.96 percent during the first semester of 1995. The overdue portfolio of the two banks increased: Bancrecer reported 10.45 percent in overdue loans and Banoro 1.33 percent during the first semester of 1995. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 4 Oct 95 p 3A)

The Chamber of Commerce and ANTAD warn that the domestic market is going through its worst depression in the past 18 months, with sales dropping more than 52 percent and consumption centered on basic products and services. (Mexico City LA JORNADA in Spanish 4 Oct 95 p 48)

The value on treasury certificates was increased 4.21 percent on 3 October in an attempt to counter the persistent demand for foreign exchange which led to an exchange rate of 6.60 new pesos per dollar in wholesale operations. Meanwhile, the Bank of Mexico reports that international reserves dropped $419 million to $14.699 billion over the past week. The Bank said the reason for this variation was the payment of $230 million in treasury bonds, as well as the sale of foreign exchange to the federal government for $524 million to cover the foreign debt service, mainly the payment of interests on Brady Bonds for $488 million in international markets. The report adds that those requirements were partially compensated by PEMEX's sale of foreign exchange to the federal government for $312 million and "other operations" totaling $22 million. The Bank also reported that in early September, commercial banks cancelled their debts with the Savings Protection Banking fund, Fobaproa, for $9 million. Meanwhile, operations on the Mexican Securities Exchange (BMV) continued falling and closed with a marginal loss of .65 percent. (Mexico City LA JORNADA in Spanish 4 Oct 95 p 45)

Oscar Terroba Garza, director general of the National Rural Credit Bank (Banrural), has said that the Finance and Public Credit Secretariat (SHCP) is not considering closing this institution but strengthening it as a rural development bank. Banrural's financial results by the end of the first semester showed a total portfolio of 13.251 million new pesos and an overdue portfolio of 3.813 million new pesos. (Mexico City REFORMA in Spanish 4 Oct 95 p 17A)

Agricultural exports from January to July totaled $4.3 billion, a 53.6 percent increase over the same period last year, the Bank of Mexico and the National Institute of Statistics, Geography, and Information Science (Inegi) have reported. The sources added that this was due to the competitiveness of Mexican products abroad as a result of a 77 percent devaluation of the Mexican peso during the first seven months of the year. (Mexico City REFORMA in Spanish 4 Oct 95 p 22A)

Julio Jimenez, of the National Association of Manufacturers, has reported that from December 1994 to date 20 percent of enterprises in the glass industry have closed and that another five percent are expected to close by year's end. He also said that the industry is operating at 50 percent of its total capacity. Jimenez noted that this industry is highly dependent on other sectors, such as tourism, construction, health, and perfume production; therefore, its recovery is linked to those activities. (Mexico City REFORMA in Spanish 4 Oct 95 p 22A)

The SHCP has authorized the National Bank of Commerce and Foreign Credit (Bancomext) to receive deposit certificates from Mexican individuals and enterprises for $300 million. The certificates will pay an annual interest rate in dollars of 9 percent. (Mexico City REFORMA in Spanish 4 Oct 95 p 22A)

The National Association of Importers and Exporters has reported that 20 of the products manufactured in Mexico represent 40 percent of the country's total exports, while the automobile industry participates with 24 percent of total sales abroad. The report added that more than 70 percent of the surplus in the trade balance was the result of operations in the assembly parts industry for exports and only 28 percent in other industries. The report noted that oil exports were a determining factor, as crude oil exports are still Mexico's main export product, representing approximately 16 percent of the total. (Mexico City EL FINANCIERO in Spanish 5 Oct 95 p 23)

The Biochemical Group of Mexico forecasts that its sales will increase 40 percent in 1995 to 70 million new pesos. This is very significant as Mexico owns 100 percent of this company, which operates with only 140 employees. (Mexico City REFORMA in Spanish 5 Oct 95 p 24A)

Eduardo Luna Arellano, president of the Mining Chamber of Mexico (Camimex), has said that the overvaluation of the peso with regard to the dollar and price hikes have affected mining activities, as production costs have increased while the price of minerals has remained stable. Luna Arellano said that Camimex will push the Bank of Mexico to mint silver coins to improve the price of this mineral, of which Mexico is the main producer. He said that this will also encourage savings, as people prefer to keep these coins. (Mexico City REFORMA in Spanish 5 Oct 95 p 24A)

Nafin restructured credits through commercial banks for 301.982 new pesos between April and July of this year. This was only 2.8 percent of the development banks' overdue portfolio, which totals 10.952 billion new pesos. This reflects a slow improvement in the industrial sector's debt. (Mexico City EL FINANCIERO in Spanish 5 Oct 95 p 3A)

BMW and Porsche have forged an alliance to assemble and sell the Porsche 911 in Mexico beginning in November. (Mexico City NOTIMEX in Spanish 1806 GMT 6 Oct 95; datelined Mexico City)

The International Energy Agency has noted in its monthly report that for the first time since 1983, Mexican crude oil exports surpassed 1.5 million barrels per day (bpd). The report predicts a slight increase in Mexican oil production the rest of the year and a considerable reduction in domestic demand. Oil exports increased 65,000 bpd in August, totaling 1.5 million bpd. (Mexico City NOTIMEX in Spanish 1627 GMT 6 Oct 95; datelined Paris)

The manufacturing sector's unemployment rate dropped nine percent from January to June. The sector's overall unemployment rate is 6.6 percent. (Mexico City NOTIMEX in Spanish 1620 GMT 6 Oct 95; datelined Mexico City)

Industrial production dropped seven percent during the first seven months of 1995, the SHCP has reported. This is the largest drop in the past 12 years: An 11 percent drop was recorded in 1983. This industrial indicator includes the mining, manufacturing, electricity, and construction sectors. Construction activities experienced the most significant drop — 18.2 percent — up to July. (Mexico City REFORMA in Spanish 6 Oct 95 p 18A)

El Salvador

Demonstrators Demand Suspension of U.S. Embargo on Cuba

PA1210043595 Panama City ACAN in Spanish 2130 GMT 10 Oct 95

[FBIS Translated Text] San Salvador, 10 Oct (ACAN-EFE) — Over 100 members and sympathizers of the Committee of Solidarity With Cuba in El Salvador participated today in a demonstration in front of the U.S. Embassy in this capital to demand an end to the trade embargo against the Caribbean island.

A member of the committee, author Armando Herrera, told the media that the United States must take into consideration "agreements at the United Nations, presidential forums, and international organizations for a definite suspension of the blockade."

Consequences for the Cuban people "have been terrible in the last 35 years, because the blockade also affected the economy, health, and education, and it has limited trade relations — the latter worsened by the socialist bloc's collapse."

Herrera said that all nations "have the right to choose the government they want, and I believe a fraternal, humanitarian relationship should prevail."

President Armando Calderon Sol recently reasserted that his government will not establish diplomatic relations with Cuba until "there is a change of attitude regarding respect for human rights by Fidel Castro, who has become the dean of dictators."

Upon conclusion of a special meeting with his Central American counterparts on Thursday, at a hotel on the Salvadoran Pacific coast, Calderon Sol said his country was "the victim of Cuban diplomacy and actions within the framework of the Cold War, so we have the right and obligation to expect changes in Cuba."

During the internal Salvadoran war, between 1981 and 1992, the governments and military authorities publicly held Cuba responsible for the supply of weapons to the country's former guerrilla groups, through Nicaragua.

Nevertheless, Calderon Sol said the Salvadoran private sector is free to invest in and trade with the island, which has been the case for a year.

Various members of the former Farabundo Marti National Liberation Front (FMLN), including Deputy Lorena Pena, participated in the demonstration in front of the U.S. Embassy.

Guatemala

President on Possible Demobilization, Coup Denial

PA1110230595 Guatemala City Televisiete Television in Spanish 1900 GMT 11 Oct 95

[From the "Channel Seven News" newscast]

[FBIS Translated Text] President Ramiro de Leon Carpio has said he is studying the possible withdrawal of military detachments close to the communities of repatriated persons due to a recent peasant slaughter, but he ruled out a demobilization before the signing of the peace agreement with the guerrillas.

The president made the announcement amid rumors of a military coup d'etat, which he ruled out. The rumors have been heightened by surprising military maneuvers with artillery conducted by the Guatemalan Army in El Rancho, 88 km northeast of the capital.

De Leon insisted that as long as the armed confrontation continues, it is impossible to demobilize the troops from the areas of conflict. He said the government is reviewing the withdrawal of military barracks from the areas inhabited by repatriated persons, but he reiterated that for the time being, they cannot be totally demobilized because there is still a guerrilla presence in the area.

The president was responding to requests made by mass organizations and the Catholic Church, which have been demanding the withdrawal of the detachments from the areas where the repatriated persons coming from Mexico are being settled in order to prevent another massacre such as the one that took place on 5 October.

As soon as the armed confrontation ends, it will be possible to demobilize all detachments, the president said after noting that the reconciliation issue is extremely difficult, especially in Guatemala where people continue to face ideological problems and resentment.

According to the president, what the country needs now is peace because that would eliminate the need for contact between soldiers and civilians. The head of state said the government will recommend the revision of the repatriation system and will suspend the resettling of the areas where there are armed clashes, because that is a very big risk. However, he noted that the return of the repatriated persons may continue in places where there are no more clashes between the Army and the URNG [Guatemalan National Revolutionary Unity], the only active guerrilla group in Central America.

Government Proposes Buffer Zones for Repatriates

PA1210050395 Mexico City NOTIMEX in Spanish 0005 GMT 12 Oct 95

[FBIS Translated Text] Mexico City, 11 Oct (NOTIMEX) — The Guatemalan Government has proposed to the Guatemalan guerrillas the signing of a cease-fire in areas earmarked for the repatriation of refugees to avoid incidents similar to last week's peasant massacre, it was reported here today.

Hector Rosada, the chief of the government delegation that negotiates peace with the Guatemalan National Revolutionary Unity [URNG], stated that President Ramiro De Leon Carpio called on the insurgents to establish "buffer zones."

On 5 October a Guatemalan Army patrol murdered 11 peasants and injured 17 others in the northern department of Alta Verapas. The group had returned to their country last year from Mexican territory.

In statements made from this capital city's international airport, the president of the government's Peace Commission (Copaz) assured that now more than ever it is necessary to end the domestic war that Guatemala has experienced for more than three decades.

"Today more than ever it is essential that the government and the URNG conclude the negotiation process so that, once the internal confrontation is over, it will be possible to guarantee conditions of security nationwide," Rosada noted.

"The return of refugees to areas of confrontation is not convenient. I think it would be irresponsible to send them there because it only jeopardizes their lives," he added.

The official affirmed that the return of Guatemalans will coincide with the presence of military patrols prepared to counter a guerrilla attack and that it is not "the best climate in which to set the returning population."

"We have insisted there should be no returning to areas at war to guarantee that the deplorable recent incidents will not happen again," Rosada, who will begin a new round of talks on Thursday with the URNG, explained.

He added that the cease-fire in the return areas would be verified by the United Nations, since it is imperative to create conditions that will allow the peaceful return of more than 25,000 Guatemalans who are still in Mexican territory.

"We are talking about approximately 45,000 refugees of which I understand 20,000 have returned. In other words, 25,000 are still here," Rosada noted.

On the talks he will begin on Thursday with the URNG in the central Mexican state of Queretaro, the negotiator stated that it is necessary to guarantee that "the time invested in negotiation will be enough to guarantee a process of understanding."

The government and the guerrillas will meet again from 12 through 15 October in the city of Queretaro, some 215 kilometers north of the country's capital

Peace Agreements To Cost $1.5 Billion

96CA0003A San Jose LA NACION in Spanish 19 Sep 95

[Unattributed article: "Peace Agreements Will Cost $1.5 Billion" — received via Internet]

[FBIS Translated Text] Guatemala, 19 Sep (ACAN-EFE)—Compliance with whatever peace agreements the government and the guerrillas sign could cost some $1.5 billion, Hector Rosada, the chairman of the Peace Commission (COPAZ, official), said yesterday.

The senior diplomat said that according to the government's estimates, some $120 million are needed to comply with the agreements on human rights, on the resettlement of the population that has been uprooted, and on the identity and rights of the indigenous peoples.

To this must be added the socioeconomic and agrarian agreement, which is currently under discussion, and the demobilization pact, which bring the total amount to about $1.5 billion, he noted.

He clarified, however, that the amount of funding required to carry out whatever accords are signed cannot be specified until the negotiations with Guatemalan National Revolutionary Unity (URNG) are completed.

"What we are indeed certain of is that the international community is not going to replace us but rather accompany and complement us in this effort," he underscored.

Rosada also asserted that the World Bank does not have the authority to say that the peace accords must not obligate any government that succeeds the government that signed them.

The representative of the World Bank, Jose Roberto Lopez, said in Costa Rica that any agreements that the URNG and the government reach in the economic arena could "bind" the governments succeeding the one that signs them.

In this regard, the chairman of COPAZ commented that "we are very aware, as a government, that any accords that the executive branch accepts within its jurisdiction represent a state commitment and are binding on subsequent governments." The negotiations are taking up practically all of the problems that have faced this country over the past 500 years, he added.

He explained that for methodological reasons the parties have divided the issue into four groups to make sense of them.

He added that the first group concerns the agrarian situation and may be virtually completed between 25 and 30 September; the second has to do with social service and is "truly complex"; and the third concerns the role of the state in social policy.

The final group involves the financing of social policy, the COPAZ chairman said in conclusion.

Honduras

Central Bank Official Forecasts Improved Economic Situation

PA1010130095 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 9 Oct 95

[Report by Giovani Garcia; from the "Morning Paper" newscast]

[FBIS Translated Text] Dr. Hugo Noe Pino, president of the Central Bank of Honduras, has said that the price of staples in the family market basket will stabilize in the coming months as a result of the government's having managed to reduce the fiscal deficit and having implemented a stable monetary and credit policy:

[Begin Pino recording] The difficulties that public companies face have prompted certain price adjustments. We could say from every standpoint that 1995 has been better than 1994, despite the fact that inflation has grown: economic growth has been higher, we eased the severe energy crisis, we reduced the fiscal deficit even more, the Central Bank has accumulated reserves, the GDP will increase instead of drop [words indistinct] in 1996 we clearly will have a more stable pricing situation than we have had so far this year. [end recording]

Nicaragua

Salvadoran Defense Minister Meets With Military

PA1110040795 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 10 Oct 95

[Report by Lilia Ruiz; from the "National Newscast"]

[FBIS Translated Text] Various topics will be discussed by Nicaraguan and Salvadoran Army generals in a three-day visit, and the two Armies will possibly sign a cooperation protocol.

Salvadoran [Defense Minister] Division General Humberto Corado Figueroa arrived today without giving much information about his visit. It was learned that the two Armies will discuss issues such as the exchange of information on the smuggling of drugs and people, joint maritime surveillance, and the exchange of military attaches, as well as the exchange of military relations.

[Begin Corado recording] Regarding this issue, we believe the Central American Armed Forces, as well as the Central American presidents, are eager to turn Central America into a region of peace, liberty, democracy, and progress. Thank you. [end recording]

It was learned today Gen. Corado Figueroa held a meeting with the Army Staff this afternoon. Gen. Corado will leave on Thursday, after signing a protocol — possibly on the issues to be discussed during the three-day visit. The Salvadoran Defense Minister deposited a wreath at the monument to the Unknown Soldier.

Panama

Ministry Adviser: No U.S. Troops If Interests Not Met

PA1210011495 Panama City LA ESTRELLA DE PANAMA in Spanish 10 Oct 95 p 24

[Report by Rogelio Antonio Cordova]

[FBIS Translated Text] Panama will not accept any agreement with the United States on the permanence of military bases unless the U.S. proposal meets our country's interests, Adolfo Ahumada, adviser to the foreign minister, said yesterday. He added that we now have a better negotiating position.

Ahumada assured that talks on the permanence of U.S. military bases was not on the official agenda of the Panamanian president's visit to Washington and thus there should be no uncertainty over "explorative" talks next month.

He noted that the negotiations between 1976 and 1977 that shaped the Torrijos-Carter Treaties were surrounded by difficult conditions because the 14 military bases were enclaves here "and Panama had a disadvantage from the outset, because we were trying to regulate a presence that had not been regulated since 1903."

He added: The situation now is that there are canal treaties that established a date for the withdrawal of the bases, and unless there is another agreement to the contrary, those treaties will be fulfilled.

Ahumada pointed out that Panama has a strong position from which to negotiate, and this means that we should wait and see what the United States will propose. He said that "Panama had faced historical facts — that is, the perpetuity aspect of the canal treaty of 1903 and having a colony within it because there was a presence of foreign governors and judges."

"Panama can now negotiate freely under new conditions without returning to the times of the colony unless the United States decides to have a Canal Zone again," he added. [sentence as published]

President 'Very Worried' About Government's Image

PA1210023295 Panama City EL PANAMA AMERICA in Spanish 10 Oct 95 p 16E

[Report by Carlos Anel Cordero]

[FBIS Translated Text] According to PRD [Democratic Revolutionary Party] Legislator Miguel Bush, President Ernesto Ernesto Perez Balladares is "very worried" about his government's image at the national and the international level, and the decision by the Legislative Assembly to try the magistrates of the Supreme Court.

His concern is so great that yesterday the president convened an "urgent" meeting in the Presidency with his closest ministers and Danilo Toro, international consultant and poll specialist, to assess the situation.

Bush explained that during this meeting, the participants analyzed various polls on the administration's popularity ratings and the way the public views the PRD. Legislative Assembly President Carlos Alvarado, Education Minister Pablo Thalassinos, Housing Minister Francisco Sanchez Cardenas, and Labor Minister Mitchell Doens took part in this meeting.

In this meeting, Bush noted, Perez Balladares also admitted "he is very worried" about the Legislative Assembly's decision to judge the magistrates of the Supreme Court.

The legislator said that according to the president, this projects a poor image of Panama abroad, since it makes it seem as though the PRD is trying to "behead the magistrates" and hinder the democratic system.

He added that as a government, the decision to try the magistrates was not discussed, but the president discussed it for five minutes, in which he asked for explanations to this effect.

After the consultations, Bush indicated, Perez Balladares asked that any decision to be adopted be made in strict compliance with the law and with respect for the independence of the government branches that should exist in a democratic system.

Brazil

Lampreia on Cardoso Trips, Security Measures

PY1110165695 Rio de Janeiro Rede Globo Television in Portuguese 1015 GMT 11 Oct 95

[Interview with Foreign Minister Luiz Felipe Lampreia by unidentified reporter and Ismar Madeira, during the "Good Morning, Brazil" program — live; Lampreia and Madeira identified by caption]

[FBIS Translated Text] [Reporter] What practical results have President Fernando Henrique Cardoso's foreign trips yielded? Many countries are now interested in making investments in Brazil. We are now going to talk with Foreign Minister Luiz Felipe Lampreia. Good morning, Minister.

[Lampreia] Good morning.

[Reporter] Minister, is it possible now to evaluate the results of the president's foreign trips and of your own trips abroad? What practical results could Brazil reap from these trips?

[Lampreia] I believe that we can no doubt make an evaluation of these trips at this time. Everything — including international press reports, the number of visitors we have received, and the international attention Brazil has drawn — indicates that Brazil is today holding the position on the international scene to which it is naturally entitled. I would say that for many years Brazil could count on its fixed assets — namely, its territory, its population, its gross domestic product, its economy, its agriculture — in sum, all of its achievements, but that due to matters pertaining to the deficits as regards democracy, the excessive inflation, or the foreign debt, in sum, because of various negative factors, Brazil did not hold an international standing of respect within the international community that would be commensurate with its size, with its assets.

Brazil today is increasingly respected, and I believe this should be basically credited to President Cardoso's foreign trips and to his very active role and his close contacts not only with the world's major leaders — he has already met with most of them, and will be meeting others soon in New York — but also with a number of ranking business leaders.

[Madeira] How do you think those investments should come to Brazil?

[Lampreia] Look, I believe that Brazil is such a big country — it is among the world's 10 largest economies, and it is among the world's 20 largest traders — that it would be very difficult for a large multinational company, for a major investor, to simply exclude Brazil. As soon as Brazil starts clearly moving in the right direction, as soon as both its economy and politics move on the right track, then the trend would be a run with regard to investing in Brazil.

[Reporter] Minister, do you mean that the foreign interest in Brazil has been prompted by the currency stability and by a belief that that stability will continue?

[Lampreia] Undoubtedly. Look at the number of investment projects announced thus far this year, such as major investments in the auto industry amounting to several billions of dollars; look at the large inflow of capital that has already enabled us to rebuild our foreign reserves to nearly $50 billion since the Mexican crisis. In sum, there are a number of tangible signs that Brazil is ranked quite high on the list of foreign investors.

[Madeira] Minister, the president of the BNDES [National Bank for Economic and Social Development] has resigned amid widespread domestic criticism over the privatization process. How have foreign entrepreneurs and politicians viewed the Brazilian privatization process?

[Lampreia] I believe that Brazil and its economy have no doubt elicited a great deal of respect and interest from various countries. There is, however, a great deal of expectation about the unfolding of the privatization process. I believe there is confidence that the administration is going to act openly, but there is also great interest in learning how the next major privatizations will be conducted.

[Reporter] Minister, a practical result of the peace accord signed by Israel and PLO Leader Yasir 'Arafat has been the release of 24 Palestinian female prisoners. Four women remain imprisoned, however, including Brazilian citizen Lamia Maruf. Is Itamaraty negotiating her release?

[Lampreia] Look, during my visit to Israel in August, I discussed the issue at length with Israeli Justice Minister David Liba'i, who told me at that time that he would take into account the Brazilian Government's request for clemency for Maruf. He made it clear, however, that her case is extremely sensitive from the Israeli standpoint because there are emotional factors at stake, given the fact that Maruf was involved in the killing of an Israeli soldier. Thus, the issue is extremely controversial, if you will, in Israel. I do, however, harbor the hope that, in compliance with the peace accord signed with the PLO, Israel will ultimately release Lamia Maruf, as we requested.

[Reporter] Following the incident of the letter bomb that went off at Itamaraty, will anything change; will there be a special security plan for the upcoming visits of U.S. First Lady Hillary Clinton and of PLO leader 'Arafat?

[Lampreia] No. In the first place, I believe that the letter bomb was clearly not politically motivated. We are still not sure who sent it or how it was sent, but everything indicates, in light of the evidence at hand, that that it was not an act of terrorism. There would no reason for an act of terrorism here because, thank God, Brazil is not a target of that terrible scourge of today's world: international terrorism.

In any case, security measures for the visits of 'Arafat and Hillary Clinton will be appropriate. I believe our security measures are already very appropriate, very thorough, very good. These measures will be maintained. Naturally, we are taking additional measures following the letter bomb attack, including internal measures regarding handling of correspondence, and other precautions. There is, however, no reason for us to dramatically increase our security measures. Nor do we believe that either Brazil or Itamaraty has become the target of an international terrorist conspiracy.

[Madeira] What kind of impact have the letter bomb attack and actions such as the Corumbiara massacre had on Brazil's image abroad?

[Lampreia] Look, I would say that Brazil's image today is that of a country in which there are no doubt major social injustices, in which there are sometimes serious human rights violations, but in which the federal administration is not reneging on its responsibility. The federal administration has acknowledged the existence of these problems and has taken every possible action in coordination with state and municipal administrations to first investigate and then punish the perpetrators of these violations.

[Reporter] Minister Lampreia, thank you for your presence.

[Lampreia] Thank you.

Vietnamese President Visits Aeronautics Company

PY1210035795 Sao Paulo AGENCIA ESTADO in Portuguese 2351 GMT 11 Oct 95

[FBIS Translated Text] Sao Jose dos Campos, 11 Oct (AE) — Vietnamese President Le Duc Ahn on 11 October visited the Brazilian Aeronautics Company (Embraer) facilities in Sao Jose dos Campos. The company directorate said there were no conversations on the possible purchasing of planes by the Vietnamese Government.

The presidential entourage included Vietnamese Foreign Minister Nguyen Manh Cam, and 32 other guests. They observed the assembly lines of several planes, including Embraer's latest product: the EMB-145 regional jet. The visit, which was made in the morning, lasted only two hours. Embraer Industrial Vice President Juarez Wanderley showed the Vietnamese leader the assembly lines of the Tucano and AMX military planes, and of the Brasilia and EMB-145 civilian planes.

Embraer is the only industry to be visited by Le Duc Anh. The company, however, denied that it is negotiating over sales to Vietnam, but did not rule out a future negotiation.

At the company facilities, the Vietnamese visitors learned about the company's diversification plans and viewed a video tape. Vietnam does not possess Brazilian-made planes. The president avoided contacts with the press, returning to Sao Paulo on a plane that took off from the town's militay airport.

Demonstrators Clash With Police in Amambai; 28 Injured

PY1210044195 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 11 Oct 95

[FBIS Translated Text] Public servants clashed with policemen on the streets of Amambai, Mato Grosso do Sul. The civil servants, who have occupied the mayoral building for one month, refused to comply with an order to leave the area.

At 1700 yesterday there were violent incidents in front of the mayoral building, which was isolated by the striking employees. There was a revolt.

While employees demanding payment of overdue salaries did not allow the mayor to enter the building, policemen unsuccessfully tried to enforce a court order to clear the building. Strikers and townspeople attacked the police with sticks and stones.

The police reacted with shots and bombs. The first wounded persons are now being aided while protests are heard.

After almost one hour of confrontation, the police retreated. The employees continued the occupation, while 28 people were admitted to a hospital.

Twenty-four hours after the clash, the employees were still resisting. They camped in front of the mayoral building in order to prevent the mayor from entering it. The employees warned that they would leave the area only after collecting the salaries they have not collected over the past four months.

[Begin unidentified speaker recording] We are surviving on donations. [end recording]

In the afternoon, despite the suspension of a court order that would guarantee the presence of the mayor, the employees did not give up: Bringing their families, they demonstrated and blocked the street leading to the mayoral building, demanding justice against the Military Police action.

Mato Grosso do Sul Security Secretary Joaquim de Assuncao has said that he will order an investigation into the violent incidents. He warned, however, that if the courts issue an order to clear the building, and if there is resistance, there will be police repression.

President Cardoso Said To Expect PFL Support

PY1110191895 Rio de Janeiro O GLOBO in Portuguese 6 Oct 95 p 4

[Report by Tales Faria]

[FBIS Translated Text] Brasilia — President Fernando Henrique Cardoso has told the PFL [Liberal Front Party] that after Paes de Andrade's tight victory in the election for PMDB [Brazilian Democratic Movement Party] president, the PSDB [Brazilian Social Democracy Party] and the PFL will have to form the basic government bloc in Congress. This message was passed on by Cardoso to PFL Senator Antonio Carlos Magalhaes on 5 October, in the first meeting that the two leaders held after the Economico Bank crisis. Magalhaes and Cardoso talked over lunch in Alvorada Palace. They were joined by PSDB President Artur da Tavola, Ceara Governor Tasso Jereissati, and Recife Mayor Jarbas Vasconcelos.

The luncheon meeting was suggested by Jereissati. According to some of the participants, Cardoso and Magalhaes did not mention — not even as a joke — their disagreement over the Central Bank intervention in the Economico Bank. They talked about investment policies for the northeastern region and about the government's congressional bloc, as if nothing had happened between the two of them. After lunch, Magalhaes was satisfied over the fact that the president insisted that the PSDB-PFL alliance must support the government in Congress.

The presence of Jarbas Vasconcelos served to emphasize the need to reinvigorate the alliance. Cardoso insisted that Vasconcelos — a former PMDB member, but currently without any party membership — should join the PSDB. Vasconcelos replied that he will do so only if the Pernambuco PSDB joins the PFL for the next municipal elections. The possible coalition candidate to the post of mayor of Recife is Deputy Roberto Magalhaes (PFL-PE) [Pernambuco], the chairman of the Constitution and Justice Committe of the Chamber of Deputies.

Jereissati made an appraisal of the PMDB convention. He said Paes de Andrade's victory by barely one vote — a decision that his contender, deputy Alberto Goldman, has appealed — has produced a rift within the party. This will make it more difficult for the PMDB to approach the government. This is why, Jereissati said, the PFL and the PSDB must move closer to each other.

Cardoso said he believes the PMDB will remain within the government support bloc, which should engage in separate meetings with each group within the PMDB, which he referred to as "islands." Yet he agreed with Jereissati over the practical result for the PFL and the PSDB: Whatever the case, only those two parties have enough unity and power to form the decision-making pillar within the government support bloc.

Artur da Tavola mentioned another point that has caused the position of the PMDB to deteriorate, as a divided party within the government: The recently formed PPB [Brazilian People's Party] will tend to occupy the vacuum left by eventual dissidents within the PMDB.

On 5 October, the winning PMDB faction clearly outlined the difficulties in its relations with PMDB ministers. Deputy Paes de Andrade (Ce) [Ceara] allies spared no criticism of Justice Minister Nelson Jobim, who raised doubts about Andrade's election, noting that it was a wrong decision. Deputy Marcelo Barbieri (SP) [Sao Paulo], the PMDB vice president, said the remarks by Jobim were deplorable, noting that the minister's position has revived the issue of Cardoso's interference with the PMDB.

PSDB Seen Playing More Dynamic Role in Congress

PY1110235595 Sao Paulo AGENCIA ESTADO in Portuguese 1928 GMT 8 Oct 95

[Commentary by Joao Domingos: "The PSDB Is Beginning To Veer Away From the Stigma of Hesitation"]

[FBIS Translated Text] Brasilia, 8 Oct (AE) — Slowly, the PSDB [Brazilian Social Democracy Party] is overcoming the stigma of being a party of men who have merely watched events unfold before their eyes. Deputy Jose Anibal (Sao Paulo) and Senator Sergio Machado (Ceara) [Ce], the PSDB bloc leaders in the Chamber of Deputies and in the Senate, have played an active role since their installation in February, when they began to support the economic opening process. They have also established a strict internal discipline that is only comparable to that of the Workers Party. There is no room for lazy politicians within the PSDB structure.

The PSDB has established a decentralized leadership system that goes as far as requiring that some PSDB lawmakers stay on duty as long as the plenum or the committees are in session. No criticism against the administration remains unanswered. No bill is passed through Congress without the PSDB bloc members' being informed of its content. No absence from committee sessions is tolerated. A survey of the votes cast by the various blocs on the economic constitutional reform proposals shows that the PSDB has emerged as the party closest to President Fernando Henrique Cardoso, a few points ahead of the Liberal Front Party, which until then had been regarded as the most loyal party to Cardoso.

To ensure that PSDB members vote together and to keep a watch on activities both on the floor and in the committees, the PSDB counts on an advisory board consisting of experts who had served earlier at the Federal Treasury Secretariat, at Planalto Palace, or at the Finance Ministry. Although the advisers are not members of Congress, they discharge their duties in Congress by giving advice and by recommending the removal from the agenda of topics in which the administration has no interest.

Operations are much more complex in the Chamber of Deputies than in the Senate because the former consists of 513 deputies, while the latter has only 81 members. Thus, the PSDB devotes a better part of its efforts to the Chamber of Deputies. PSDB bloc leader Jose Anibal is assisted by deputy leaders for debates on the floor, for committee work, and for political coordination. Lawmakers on duty keep a watch on activities until the last congressman leaves the building. The PSDB deputies charged with doing the watch are: Arthur Virgilio Netto (Amazonas), Adroaldo Streck (Rio Grande do Sul) [RS], Antonio Aureliano (Minas Gerais) [MG], and Feu Rosa (Espirito Santo).

The following deputies are in charge of watching over committee activities: Yeda Crusius (RS), Carlos Mosconi (MG), Antonio Carlos Panunzio (Sao Paulo), and Firmo de Castro (Ce). They make sure that PSDB deputies attend committee sessions by calling their offices or by advising when a committee member is needed. When it becomes necessary to answer criticism from the opposition, they call upon Deputies Eduardo Mascarenhas (Rio de Janeiro) and Arthur Virgilio Netto, who are both considered to be articulate and resourceful.

Deputies Jayme Santana (Maranhao) and Ubiratan Aguiar (Ce) are in charge of political talks. Aguiar said the PSDB experts meet on Mondays to examine the week's agenda both in terms of activities on the floor and in the committees. On Tuesdays, the PSDB deputies meet with their bloc leader and with the experts for assignment of tasks for the floor and for the committees. Every morning each PSDB deputy receives a party memo containing comments on bills and recommending how to vote.

Tasks are also assigned for activities outside the Senate and the Chamber of Deputies. Leader Jose Anibal entrusted deputy leader Ubiratan Aguiar to attend a party organized last weekend by Sebastiao Madeira, who is the PSDB main candidate for mayor of Imperatriz, Maranhao. Jose Anibal himself performed another, bigger task to obtain the membership to the PSDB of the group of supporters of former Goias Governor Henrique Santillo. This group is second in size only to the group led by Senator Iris Rezende.

Roundup of Economic Reports

PY1210011295

[FBIS Editorial Report] The following is a compilation of reports on economic activities in Brazil monitored through 11 October.

1) BASIC LEADING INDICATORS

The Brazilian Institute of Geography and Statistics — IBGE — has reported that in August, industrial production dropped by 2.7 percent with respect to July, and by 5.6 percent with respect to the same month in 1994. The accumulated industrial production growth — so far in 1995 — has reached 6.1 percent, compared to 9.5 percent in the first half of the year. The IBGE reported that between June and December 1994, industrial production grew by 16.5 percent. Compared to December 1994, the industrial production of August 1995 dropped by 15.6 percent. (Sao Paulo AGENCIA ESTADO in Portuguese 2237 GMT 10 Oct 95)

2) FINANCIAL OPERATIONS

According to Planning Ministry estimates, Japan is expected to grant Brazil loans worth $2.5 billion in 1996. This figure is equivalent to Japanese loans to Brazil over the past 10 years. The main Japanese sources of financial support for Brazil are the Overseas Economic Cooperation Fund, which is expected to grant loans worth $1.5 billion, and Eximbank, which is expected to grant loans worth $1 billion. An Overseas Economic Cooperation Fund mission is scheduled to arrive in Brazil to dicuss financing of 11 projects, most of them in the sanitation area. Eximbank President Hiroshi Yasuda is scheduled to visit Brazil on 17 October. (Sao Paulo AGENCIA ESTADO in Portuguese 1913 GMT 8 Oct 95)

3) FISCAL, MONETARY ISSUES

Jairo Ferreira, chief of the Public Debt Department of the Central Bank, has reported that between January and September 1995, municipal and state governments were authorized to contract loans as Budget Allocation Advances worth R2.9 billion. This amount is 112 percent higher than the corresponding figure for the same period in 1994. The federal government believes that this indicator has grown because of the payroll expenses faced by mayors and governors. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Oct 95 p A6)

After nine months under management by a Central Bank trustee, the Rio de Janeiro State Bank — Banerj — on 3 October published its balance corresponding to 1994. The balance shows bank accounts in the red worth R1.032 billion. This means that even if the bank sells everything it owns, its debt will continue to surpass R1 billion. According to an accounting specialist, the balance shows that the bank is broke and that it should be liquidated. In 1994, Banerj losses amounted to R307 million. (Rio de Janeiro JORNAL DO BRASIL in Portuguese 4 Oct 95 p 13)

The World Bank estimates that this year, Brazilian payments to the bank will reach $1.9 billion, including interest, amortization and other expenses. This amount more than doubles the scheduled $881 million that the bank will disburse to Brazil in 1995. Consequently, at the end of the year the Brazilian economy will register a $1.019 billion deficit in its financial relations with the World Bank. The bank reported that, over the past five years, Brazilian payments to the bank amounted to $6.936 billion. (Sao Paulo GAZETA MERCANTIL in Portuguese 5 Oct 95 p B3)

4) PRIVATIZATION

Sao Paulo Governor Mario Covas on 9 October announced implementation of a program for "Privatization and Partnership with the Private Sector," which provides for investments worth R2.16 billion. The program provides for creation of partnerhips between the state and the private sector in transportation, electricity, health, sanitation, science and technology, and security.

Privatization of the transportation sector is at the most advanced stage, since privatization of the Bandeirantes-Anhanguera highway stretch is already under way. The winning enterprise will have to extend the Bandeirantes highway to Limeira. In return, the enterprise will collect a toll of approximately $3 per each 100 km. Covas signed decrees opening four other state highway networks to private management. The energy and highway sectors are expected to awaken stronger interest from the private sector. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 10 Oct 95 Section 1 p 4)

Salgema, a soda factory located in Alagoas, on 5 October was privatized during an auction at the Rio de Janeiro stock market. The Petrochemical Enterprises of Brazil, of the Odebrecht group, and Copene bought 2.4 billion ordinary shares at the minimum price of R46.8 million. Each enterprise now owns 50 percent of Salgema's voting shares. (Rio de Janeiro O GLOBO in Portuguese 6 Oct 95 p 21)

5) TRADE ISSUES

The Norberto Odebrecht Construction Company has signed a $24.5-million contract with the Botswana Government for construction of Letsibogo dam, which will increase water supply to Gaborone and to other towns. Odebrecht won the tender as the leader of a joint venture with Belgian enterprise Besix. The contract will be financed by the Botswana Government and by European banks. The dam is the first phase of a major water supply project that will be supplemented with a 360-km water pipeline budgeted at $100 million. (Sao Paulo GAZETA MERCANTIL in Portuguese 5 Oct 95 p C1)

The 26-story building of the Sao Paulo World Trade Center — a $500 million investment — was dedicated on 8 October, with 55 enterprises occupying the 15th to the 26th floors. The Center comprises 177,000 sq meters, and it houses offices, areas for exhibits, conference facilities, and air terminal. (Sao Paulo AGENCIA ESTADO in Portuguese 2218 GMT 8 Oct 95)

Colombia

Guerrillas Use Car Bomb To Protest DEA 'Meddling'

PA1110200095 Santa Fe de Bogota EL TIEMPO in Spanish 8 Oct 95 p 23A

[FBIS Translated Excerpt] Cali — The Manuel Cepeda Vargas Front, an urban command of the Revolutionary Armed Forces of Colombia [FARC], has claimed credit for Friday's terrorist attack in Yumbo where a car bomb exploded injuring nine persons, including four children and two soldiers of the Codazzi Battalion.

In an issue of its RESISTENCIA bulletin, the subversive group declares the bomb was in protest against government tax measures and government plan to increase the value-added tax, against U.S. meddling, through DEA, in the country's domestic affairs, and to protest the discredit of the Samper Administration.

In a communique, the rebels report that Helmer Herrera, alias Pacho, for whose capture the authorities are offering a 1-billion peso reward, has been recruiting guerrilla deserters to carry out criminal actions and attribute them to the FARC. The communique mentions the cases of Buenos Aires (Cauca) and Timba, where several persons were murdered.

Meanwhile, medical personnel from Yumbo Hospital and from the Evaristo Garcia University Hospital have reported that those injured in the explosion have been released because their injuries were not very serious. [passage omitted]

According to Colonel Luis Bernardo Maldonado Bernate, commander of the Cali Metropolitan Police, the terrorists used 20 kg of dynamite. The charge, which exploded at 0645, was directed at the Yumbo military base.

Article Views Recordings of Alleged DEA Conversations

PA1110224495 Santa Fe de Bogota EL TIEMPO in Spanish 10 Oct 95 p 5A

[Article by Francisco Santos: "Who Taped Them?"]

[FBIS Translated Text] No one speaks over the telephone any more. The reappearance of cafes and get-togethers for talking are a pleasant secondary effect of this crisis where no one knows any more who taps whose telephones.

Nevertheless, Carlos Alonso Lucio raised a turmoil with the origin of some recorded cassettes he presented to DEA.

Few people — and I would like to know someone other than Lucio — would swallow the story that some gentlemen who spoke with a foreign accent gave him the tapes in a Santa Fe de Bogota street. Of course, it could be the CIA spying on DEA. Or the British M15, which decided, out of generosity, on behalf of Colombia's national dignity, to expose through this parliamentarian an existing conspiracy against our country's sovereignty. Was the foreigner a member of Mossad? Or Surete?

Let's cut the nonsense. The Army, the Police, DAS [Administrative Department of Security], the gringos, and drug traffickers all record in Colombia. No one else. This is why Lucio's tapes are important. Three-fifths of this equation are discarded at once.

Let's see. It was not the Police, because this body works very closely with DEA and CIA in fighting drug traffic. Obviously, the gringos were not, either. The Army is busy in something else, waging war against subversives, and therefore can be ruled out. Two options remain: The narcos and DAS.

It is worthwhile clarifying that the narcos are somewhat diminished these days, although they have the power and the money to corrupt and pinch DEA's lines in Colombia. What would they profit from such an action? Very little, because, as it is clearly heard in the taped conversations, everything important, all that could directly serve their purpose, is spoken over a safe line. It is still an option, however. It would be extremely serious for them to deliver the tapes to the parliamentarian. At other times and while they were fugitives, Lucio could have met with them before an important debate at the Congress, just as he admitted in public.

The DAS option is also a valid one. Director Ramiro Bejarano is one of the most determined advocates of the conspiracy theory and the first one who made it public before Government Minister Horacio Serpa and President Ernesto Samper did.

In addition, there is the mysterious call to Frank Solano, our family Sunday horoscope expert from Carmenza, who identified herself as [calling] from the Presidency of the Republic. And was not, because we placed a call to confirm it. There is also the sending of anonymous notes — well looked into — with which someone attempts to blackmail newsmen who are not aligned with the government. All of this points to a well organized intelligence work, more the work of security organizations than anything else.

Alas, another aspect of the riddle surfaced yesterday, when General Rosso Jose Serrano filed a report. Former policemen and former officers of the institution, dismissed for their ties with the narcos, could also be interested in the tapes. They have both the knowledge to carry out operations of this nature and the motive. Whom they work has yet to be determined.

Although in our country we are already used to have our telephones tapped — and this is extremely serious — this is the first time that an elimination process sheds good light on how perpetrating an illegal action benefits a few people. The process also identifies the recipient of the product of the offense with others, for a clearly common purpose. This is to say, we seem to be dealing with a conspiracy, but in a different direction.

Cali Cartel Treasurer Gives Testimony

PA1110150995 Santa Fe de Bogota CAMBIO 16 in Spanish 9-16 Oct 95 pp 12-15

[FBIS Translated Text] Guillermo Pallomari is talking to the gringos. The DEA will take full advantage of whatever the Cali Cartel treasurer might have to say, since DEA considers him the most important witness it has ever had in the narcocorruption world. It does not matter whether he is telling the truth, lying, or spinning tales. DEA will simply take whatever it can use not only to continue staining the Colombians but also to build on its narcodemocracies theory.

The material we publish here was produced by the DEA itself in Washington. The DEA source did not give Carlos Enrique Bayo, CAMBIO 16 ESPANA's correspondent in the United States, one single document, arguing that the information had been obtained directly from a computer. Therefore, we had no other way of confirming the veracity of the document than by establishing contact with the persons involved.

We are publishing this material because it helps expose the face of the DEA, which clearly helps to confuse matters at times. This document became available at the moment Colombian Representative Carlos Alonso Lucio made known the recordings of some conversations and denounced DEA activities in our country. This was not by chance. DEA leaks information in a war of information and disinformation.

By Carlos Enrique Bayo

Washington

The documents Guillermo Pallomari Gonzalez took to Washington after surrendering to the DEA in Colombia show that many politicians from the big political parties, prominent businessmen, artists, and even newsmen received "hot money" from the Cali Cartel in the form of monetary contributions. A DEA informant leaked this information to CAMBIO 16.

Although Pallomari has admitted that he has no material evidence against President Ernesto Samper or Conservative Party leader Andres Pastrana, he has accused both of knowing that narcodollars were going to their closest aides during the electoral campaign.

Neither Samper nor Pastrana personally cashed any checks or received any cash from the Cali Cartel.

In the case of the governing party, the Cali Cartel "treasurer" has presented conclusive evidence that implicates former Defense Minister Fernando Botero Zea (who suppossedly received bags loaded with money); Chamber of Representatives President Alvaro Benedetti; and Santiago Medina Serna, who was Samper's presidential campaign treasurer (and the main witness against the president).

Pallomari — alias Reagan — has made a deal: his freedom, a change of identity, and a lot of money in exchange not only for copies of more than 350 checks that incriminate 318 outstanding liberal and conservative politicians but also for information on the bank acounts of Cali drug bosses in Colombia, the United States, Panama, Venezuela, and Costa Rica.

Bank accounts holding approximately $350 million have already been frozen in the United States alone. The DEA has intervened in many businesses and enterprises that the Rodriguez Orejuela brothers, Jose Santacruz Londono, Helmer Herrera Buitrago — alias Pacho — and other chieftains own in Los Angeles, New York City, and Miami. Pacho Herrera owns Universal de Giros, which operates in the United States, Latin America, and Europe.

But this is not all the information that Pallomari has provided. He has also provided specific details on the Cali Cartel's ties with the notorious Juan Garcia Abrego, chief of the Gulf of Mexico Cartel. The Mexican Government has already confiscated property worth more than $40 million.

One of Pallomari's most surprising confessions is that Cali also "gave money" to Ernesto Zedillo's electoral campaign in Mexico, although Zedillo probably was unaware of this. Likewise, the accusations leveled by the mafioso, who is being held by the United States, implicate former Venezuelan President Carlos Andres Perez, one of Perez' nephews, and Venezuelan banker Guido Martinelli.

Names Tumble

Reagan has uncovered all of his "bosses'" businesses — not only those that have already been mentioned, but also those of Juan Ramirez, Elizabeth Montoya de Sarria, a daughter of the Rodriguez Orejuela's who lives in New York, and many more — in European countries such as Spain, Italy, and Holland, as well as large enterprises in Panama's Free Zone.

As far as Colombia is concerned, Reagan is an open faucet and his testimony, nearly always supported by original documents, implicates some 150 Liberal and Conservative politicians, including 80 representatives of each party, 30 senators, and 35 mayors. He said that they received more than $7 million between the end of 1991 and mid-1994.

Nevertheless, the most serious thing of all this is that Washington has kept the information completely secret and right now it is not even giving it to [Prosecutor General] Alfonso Valdivieso Sarmiento. His assistants were only able to meet Pallomari in Washington one month after he arrived in the United States. To do so, Pallomari was counseled by U.S. experts to only tell the Colombian investigators what the U.S. Government believes that Bogota should know.

For example, of the 11 large bank accounts in the Banco de Colombia disclosed by Reagan as belonging to the Cali Cartel, the Colombian authorities only know of two of them. Likewise, Washington has still not given to Bogota a list of all the properties that according to Pallomari are owned by the Cali Cartel in Bogota, Valle, Cartagena, and San Andres.

According to the DEA source who informed CAMBIO 16, the United States has classified as top secret the identity of all the Conservative political leaders to whom Pallomari alleges to have handed Cali money checks, so the list Valdivieso has only shows those belonging to the Liberal party.

In addition to Medina, Botero, and Alvaro Benedetti, Reagan has confirmed having made the following payments:

BENEDETTI ALVARO

Checks received by his campaign:

$30,000 4 November 1992

$20,000 5 February 1993

FUAD CHAR ABDALA

Received in cash (bills):

$25,000 4 November 1992

$25,000 28 December 1992

MIGUEL DE LA ESPRIELLA

Received through Medina the following checks:

90 million pesos November 1992

$50,000 January 1993

FRANCISCO JATTIN

Checks received for his campaign:

$100,000 6 October 1992

$200,000 9 January 1993

$200,000 17 January 1993

GERMAN VARGAS

Checks received:

50 million pesos 10 November 1992

25 million pesos 15 January 1993

25 million pesos February 1993

JUAN JOSE BELLINI

According to Pallomari, Bellini took part in money laundering by inflating the value of soccer player contracts abroad.

GUSTAVO [DE GRIEFF]

Before becoming Prosecutor General, he drew-up for the Cali people corporations that the drug traffickers used afterward to launder money. Pallomari says that [De Grieff] knew what these firms were going to be used for and charged "high sums of money" to establish, without saying how much and how.

NOEMI SANIN

According to Pallomari, she got the Cali people a radio frequency assignment for the drug traffickers' communications with transmitters and charged for the service $200,000 in cash. He does not give a date.

According to the DEA source, the Americans are looking for Horacio Serpa Uribe's "failings" [la caida] but have found absolutely none with the drug traffickers. Some names of Conservative politicians are involved, but these are kept confidential.

Pallomari also mentions personalities such as soap opera actress Margarita Rosa de Francisco, Atlantico and Valle del Cauca beauty queens, and the Colombian soda pop advertising model. He says that Margarita Rosa and other queens helped the drug traffickers launder drug money in 1993 and 1994 through inflated contracts for presentations, promotions, and passes for models [pases de modelos]. He has not given dates or exact information.

Pallomari spoke of a bank account controlled by drug traffickers: account No. 8023024594-6 in Banco de Colombia's Cali branch.

From another account in a Cali bank, whose number has not yet been identified, Pallomari says for sure that he remitted nearly 100 million pesos to Alberto Giraldo and Santiago Medina.

Regarding entrepreneurs who have taken part in Cali money laundering, Pallomari mentions Jorge Fernandez, head of a banana group with businesses in Magdalena, Barranquilla, and Uraba; Jorge Basilio Rivera in Cali; Pedro Sanchez in Isla del Rosario; Myriam Restrepo in Bogota; Miguel Ventura in New Jersey; and Felix Zapata in Paris. Regarding journalists, he says that the Cali Cartel organized a group of close associates with media connections to exert control of them. He says that journalists were never paid by checks because the amounts were not that high, but that they were sent bills in gift boxes in exchange for softened reports on drug traffickers.

The statements by this 40-year old Chilean has allowed the DEA to draft a confidential dossier on the "beautiful people" [gente linda], can decimate a generation of Latin American winners.

Pallomari's information to the DEA will give the United States sufficient incriminating material with enough data to begin large-scale confiscations of properties and bank accounts of Cali Cartel members, because they control a prosecuting witness that will allow to process and try all of them in absentia.

And according to him [Pallomari], "pressures will continue to be exerted to not repeal the nonextradition law for Colombians."

Those Guillermo Pallomari Names Stage Counterattack

Here are statements by the people tarnished by Guillermo Pallomari's remarks in the United States. CAMBIO 16 located them in the cities where they live. Because German Vargas Lleras is in Bogota, he chose to come to the magazine's offices. Of the individuals interviewed, two — Alvaro Benedetti and Francisco Jose Jattin — are involved in process 8000.

Gustavo De Greiff (former prosecutor general): "What he said about me is 100 percent false. I would imagine he mentioned the same famous El Dorado airline. I was not paid a single centavo. This is all part of a conspiracy. I will say no more. I have nothing to say in response to assertions made by thugs."

Alvaro Benedetti (representative): "That man is trying to destabilize the country. He is looking for people who belong to the ruling party. Since I am on trial, all of my books are there. I have not received a single dollar. This individual's strategy is to take advantage of events that are already in process and to attempt to look good by besmirching whomever he wishes. This man — whom I have only seen in newspapers — is undoing the country. I swear on my mother's grave that I have never seen so many dollars, not even when I practiced as a surgeon — a costly profession — and had North American patients. He is using those of us who are implicated in this entire process to support his accusations. It is backfiring."

Fuad Char (senator): "What Pallomari says is totally false. Let him show me the bank to which I consigned that money. I have no relationship with the gentlemen from Cali. The only thing that I can think of is that some player from the America [soccer team] may have been traded to the Junior team — which I must explain is a sports corporation — but I have no involvement in that. I never go to Cali. I have only seen Pallomari in the newspapers. I thought his remarks would somehow help with what is going on, but what he is doing is spattering even more mud on the situation."

Miguel de la Espriella (representative): "I have never seen Mr. Pallomari in my life. That is a physical lie [una fisica mentira]. I was not aware of Mr. Medina's existence in 1992. I subsequently worked at the Superintendency of Stocks and Companies' office for legal affairs. I withdrew when Dr. Carlos Lemos Simmonds requested the withdrawal of all employees who had connections with anyone involved in any campaign. I withdrew because my father was managing Samper's campaign in Cordoba. Regarding my trips to Cali, it can be proven that I was commissioned by the Superintendency to manage pending agreements with firms. I swear to God that this is an out-and-out lie."

Francisco Jose Jattin (senator): "I have never received a check in dollars in my life. I have only seen Pallomari on television. I have no idea from where the money he speaks about came. Let him come and explain to me where I got so many dollars. Furthermore, between 1992 and 1993 we were not even in an election period. His assertions do not contain even an ounce of truth. What he is doing is very strange. Horrors! How far will this country go?"

Noemi Sanin Rubio (former communications minister):

The following is the text of the communique sent from London:

1. It is hard to imagine politics as a game of skill, in which any strategy aimed at winning and maintaining power at any cost is acceptable.

2. I condemn before all Colombians any attempt to create confusion, apprehension, and uncertainty nationwide. It is meant to prove that we are all cut from the same cloth. As Simone de Beauvoir said: "If we are all monsters, then there are no monsters."

3. Resigning as ambassador to the United Kingdom distanced me from any political campaign. I am now subjected to misleading, brazen, and dubious accusations. Attempts are being made to prove that I received $200,000 in return for granting telecommunications licenses 10 years ago, when I was communications minister. There is no evidence to support this.

4. I am one of the considerable majority of honest and decent Colombians who is prepared to ask that the shroud of secrets surrounding all the banking transactions be lifted unconditionally. I ask that the proper authorities — particularly, the Prosecutor General's Office — launch an investigation into my assets and those of my relatives to confirm without a shadow of a doubt what I have been saying all this time, namely that I have never received any funds from drug traffickers or any donations whatsoever from these criminals.

5. I am making a special call to the U.S. Government and to the Colombian Prosecutor General's Office to issue a statement on these accusations and confirm for the public whether Guillermo Pallomari's alleged testimony to U.S. organizations is related in any way to what has appeared in CAMBIO 16.

German Vargas Lleras (senator):

CAMBIO 16: The name German Vargas appears in Guillermo Pallomari's statements to the DEA. What can you say about this?

Vargas: It is disgusting. I can only take this as revenge against someone who has decidedly tackled the drug trafficking problem in Congress.

CAMBIO 16: In what way? For example?

Vargas: Money laundering was considered a legal offense for the first time in Colombia as a result of an initiative I presented as proponent of the anticorruption statute. I also voted for maintaining justice or regional confidentiality as part of the justice statute. I have also been a supporter of extradition. Moreover, I have categorically opposed amnesty for criminals every time I have been asked about it.

CAMBIO 16: Pallomari says that he gave three checks to German Vargas.

Vargas: I have never associated with individuals linked to criminal organizations in my life.

CAMBIO 16: These supposed checks are dated November 1992 and February 1993. What where you doing in those days?

Vargas: I held no public office at the time, nor was I a member of Congress.

CAMBIO 16: Were you working for Ernesto Samper in those days?

Vargas: I have been close to Luis Carlos Galan throughout my entire political career. I was never a member of the popular party. I had no contacts with Dr. Ernesto Samper Pizano in the days that you mention.

CAMBIO 16: What do you intend to do with respect to Pallomari's statements to the DEA?

Vargas: There are nearly 35 German Vargases in the Bogota telephone directory alone. Determining whether the one alluded to is German Vargas Lleras is vital. However, taking it for granted, I have sent a letter to the prosecutor general asking that the shroud of secrets surrounding the only account I have be lifted and that an investigation into the person alluded to in the report be opened.

CAMBIO 16: You say that it is all a matter of revenge. Why would they want to get even with you?

Vargas: I suppose that it is all in retaliation to the position I have taken up in Congress. They want to tarnish my name and discredit any future initiatives I might propopse in Congress. They will never do this.

CAMBIO 16: Your brother, Jose Antonio Vargas Lleras, is the president's private secretary. Your uncle, Carlos Lleras de la Fuente, is Colombia's ambassador to the United States. Do you believe that the intention is to tarnish your name to smear the government?

Vargas: This is one theory. I was never consulted with respect to Jose Antonio's and Carlos Lleras' — who has adopted a very honorable attitude — appointment to the government. There is no reason why I should be consulted about it. Both are honorable men and their current positions have not affected my independence in Congress.

Prosecutor General Downplays Pallomari's Allegations

PA1110213595 Santa Fe de Bogota EL TIEMPO in Spanish 10 Oct 95 p 12A

[FBIS Translated Text] Prosecutor General Alfonso Valdivieso Sarmiento yesterday downplayed statements former Cali Cartel treasurer Guillermo Pallomari allegedly gave to the DEA, that were published in a local magazine. Valdivieso added that these allegations are biased and stem from simple speculations.

He underscored that authorities have no official information on these statements and that they are significant only insofar as they are included in the legal files.

The only thing that has been done so far is to ask the U.S. Government to allow Colombian prosecutors to question Pallomari in order to explain the situation and add evidence to the investigation, the government official affirmed.

"The Prosecutor General's Office will receive the support North American authorities can offer regarding this case; however, it had rather have direct statements by the Cali drug traffickers' former treasurer himself," Valdivieso pointed out.

Violence

The prosecutor general also talked about the situation of violence and impunity that the municipality of Aguachica, located in southern Cesar Department, is experiencing. He said that the Prosecutor General's Office intends to open a departmental office that will handle crime in this area.

Meanwhile, Aguachica mayor Luis Fernando Rincon criticized the Prosecutor General's Office work, because, so far, it has been unable to clarify any of the crimes that have taken place in this municipality since 1994.

The prosecutor general admitted that his office is facing serious budgetary problems that hinder its effective work; however, he promised that the Prosecutor General's Office's presence will increase not only in this area, but also in Uraba, Antioquia.

Regarding the reports making public the telephone tapping of high-ranking government officials, Valdivieso maintained that the situation is being investigated because we cannot allow this type of crime to spread throughout the country.

As for the discussions on a likely overlap in the jurisdictions of the Accusations Committee and the Prosecutor General's Office to investigate the president of the Republic, he explained that the judicial body is aware that the legislative entity is responsible for this investigation.

However, he added that we act based on the interpretation of the jurisdiction to investigate the president. We have said it before, and we believe that it is up to Congress; however, the Prosecutor General's Office will abide by any ruling the Constitutional Court makes."

Police Director Interviewed on Attack in Cali

PA1110155295 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 11 Oct 95

[Telephone interview with National Police Director General Rosso Jose Serrano, by News Director Dario Arizmendi, Sammy Halil, Caracol's news director in Cali, and anchor woman Judith Sarmiento; from the "Caracol's 0600 to 0900" newscast — live relay]

[FBIS Translated Text] [Arizmendi] Good morning, General Serrano.

[Serrano] Good morning, Dario.

[Arizmendi] Your comments on yesterday's incidents in Cali?

[Serrano] Last night at 2030, after the members of the Search Bloc returned from an operation, they were attacked with fire from a tower and a nearby neighborhood where we have installed all of the Search Bloc's equipment and from where the operation against the Cartel was planned. Colonel Jaimes [not further identified], with whom we have been in contact since last night, has reported that the attackers launched some 10 rockets and that there was heavy fire from R-15 and Galil rifles. Fortunately, there was no major damage in the area, as our people reacted quickly. The rockets hit several trees and some fell on the streets, and some [words indistinct]. We have our equipment and helicopters there [words indistinct] no one was injured, only two vehicles were burned on the road leading to Cristo Rey. That is what happened. The army personnel reacted very well. As soon as I learned of the attack I called [words indistinct] issued instructions to repel the attack. The Police were ready, because there were intelligence reports warning about a possible attack on a police or military unit, as occurred a week ago in Yumbo.

[Arizmendi] General, I understand that you said that in this attack of harassment there could be complicity between the guerrillas' Manuel Zepeda Front, perhaps following orders from [Cali Cartel leader] Francisco Helmer alias Pacho Herrera...?

[Serrano] Look, Dario, ever since the raids began, we have found various clues of contacts between the Cartel and the guerrillas. We have found books and documents. I have always visualized that possibility. Last week we reviewed an intelligence report noting that Pacho Herrera would reportedly be supporting the 6th Front of the FARC [Revolutionary Armed Forces of Colombia]. Look at this coincidence: He has been moving quite easily in Yumbo, and now the Search Bloc is attacked. This corroborates the impression I had. I hope, for the sake of the nation, that this was only a [word indistinct] because otherwise it would be very worrisome. Therefore, we have implemented controls and have been conducting permanent actions. Last night's reaction was very good. We are, however, worried about the people's cooperation, as we received no warning, although it is a very populated neighborhood. I believe this was also a retaliation for actions carried out against drug trafficking, because they know that this is the main unit we have to fight drug trafficking.

[Arizmendi] Does this mean that the Search Bloc will remain in Cali, that it has not be transferred to any other place, or to the capital, as intended?

[Serrano] No, we transferred part of the unit, because we are very well-equipped. After the successful operations we had against those people, we brought approximately half of the unit. Nevertheless, the Carabineros School, at least the security people, remained there, so that the rest can continue searching for the drug traffickers, as we cannot lower our guard.

[Arizmendi] Of course.

[Serrano] We are in both places, Dario.

[Arizmendi] Now, people in Cali are afraid. We have interviewed residents there, who have said that last night's attack could be an omen and the beginning of a wave of narcoterrorism. Based on intelligence reports, do you think this could be the case?

[Serrano] Possibly, but by now we have very good information. You know that our intelligence in Cali has been strengthened due to our actions against those people. Therefore, I belive that the military forces, the police, and the DAS [Administrative Department of Security] are capable of neutralizing their actions. We know many of the weak points of that alliance.

[Arizmendi] What happened with Pacho Herrera? A few weeks ago it was said that his arrest was imminent.

[Serrano] Pacho Herrera is a very slippery man. You know that he was the last one against whom an arrest warrant was issued. He is very careful, he does not move with escorts. We are after him, he will fall sooner or later, there is no doubt about that. We must be patient. We are behind him with everything.

[Arizmendi] From Cali, we have the Cali Caracol News Director Sammy Halil with a question for you General Police Director. Sammy.

[Hali] Thanks Dario. General, Cali Mayor Mauricio Guzman told us this morning that after talking to the metro police commander and making an evaluation, it was discovered in a security council meeting that started a few minutes ago that it was not rockets what had been fired, but homemade bombs instead. In the face of a possible guerrilla upsurge against the city of Cali or by narco terrorism, the mayor has replied that intelligence reports received and learned about, at least at their section level and in the capital of Valle del Cauca, indicate that indeed it is a guerrilla strategy to generate acts of terror, taking advantage of the Nonaligned Summit in Cartagena and that a FARC [Revolutionary Armed Forces of Colombia] communique had been intercepted in this connection. What can you confirm in this regard, general?

[Serrano] Last night I spoke to Colonel Jaimes, who is the Search Bloc chief. I called him in the predawn hours and asked him to carry out an inspection. He told me these were rocket rounds. You know that homemade bombs need to be placed and one has to run away very quickly from the base. This is the information I have. I was very afraid last night because here we have two helicopters that give support to Cali and the Search Bloc. I have been mentioning this information on this alliance at intelligence meetings. In fact, we were making this evaluation yesterday with the generals. I continue to believe that drug trafficking has a hand in this. For a long time now, when we began operations, I found many indications in the documentation of flirting between the guerrillas and drug traffickers. That is why here in Bogota, under calmer conditions, we have been analyzing and this is the idea I have. Perhaps further along if they receive more information this might help confirm this. As far as I am concerned this [attack] is the result of a retaliatory action against the operations carried out against drug trafficking. These operations were also carried out in Caqueta, where 7 tons of cocaine were seized — cocaine that was protected by FARC guerrillas.

[Arizmendi] General, there is also concern in the capital over reports disclosed yesterday that the Chingaza Aqueduct central was going to be attacked, here in [Las Gotera] in the city of Bogota and that another FARC front intended to leave the inhabitants of this city without water. Also in Cartagena, due to the Nonaligned Summit, there is word of attack plots against telephone exchanges, electric power plants, and water plants to try to destabilize the situation now that about 35 heads of state and delegations from over 100 countries are due.

[Serrano] The Cartagena business is very much under control. For several months, intelligence has had many operations under way; there is practically absolute control. I believe that this is going on fine; people are already in position. As you may know, we have more than 1,200 men posted there, in addition to the Army, Navy, and DAS [Administrative Department of Security] personnel. In other words, we have total control there. As you know, Cartagena is not all that difficult to control because things are made easy there. You know that here in Bogota, near Boyaca Avenue, we also...

[Arizmendi, interrupting] A small homemade bomb [petardito].

[Serrano] A small homemade bomb exploded. Three days ago the police seized one on 45th Street. The guerrillas are operating that way. We were analyzing that the guerrillas had been rather quiet lately. When they are quiet it is because they are preparing these sort of reactions. But the Army, the police — all of us — are very much alert and know about them. People also have to help out and report on suspicious people, because as you know the militias are for real.

[Arizmendi] Right. Was there any basis for the Chingaza report? Was there a plan for attacking Chingaza?

[Serrano] No, there was not.

[Hali] Some people are giving an apocalyptic interpretation of the country's situation. Last night some newsmen spoke about the guerrillas having seized Cali and of terrorist actions beginning to take place. They also spoke about events you have already mentioned. But there are people who say the situation is not grave, that these are isolated events. What is the true public order situation in the country?

[Serrano] This is the death cry of the guerrillas. This proves their weakness. We cannot give credibility to persons who are definitely discredited and about whom the people are tired. As you have seen, they take advantage of darkness and have two or three persons appear as if they were 100.

I don't think we can give them this importance, because although it is true they have some capability, it is not above that of the state. I think this would be a way of destabilizing the country and of trying to give the impression they will take control of the situation, but you can be sure they will not prevail. They take to the hills and it takes them four or five months to fire a rocket. I don't think they are of much concern to us.

[Hali] How many guerrillas attacked Cali last night, general?

[Serrano] The colonel told me they were no more than 15. This is based on information we have gathered already and on that received from the people, after the arrival of the Army, which arrived quickly because there were clues about the possibility of an attack. The Cali police also reacted very fast. The action was carried out by approximately 15 persons.

[Sarmiento] General, in recent hours you denounced the existence of an alliance between drug traffickers and some retired members of the Armed Forces. Does this have anything to do with yesterday's harassment operation? In what specific situations have you noticed this alliance?

[Serrano] No, no. Look, this just happened. We had not foreseen the collapse of the world's largest cartel any earlier than three or four months from now. That cartel controlled so many drugs. We made a very rigorous adjustments to the police force to be able to win this war. As expected, more people are joining the destabilization effort and are accusing persons to see if one eases off. But what happens is that when one sees alliances composed of resentful people who did not fulfill their functions in the institution and now want to be commended for things they never did, this will not weaken us. On the contrary, last night we had a conversation with some generals and the idea is that we have to keep on working and hitting those people — drug-traffickers, the guerrillas, organized crime, and common criminals — hard.

We have not invented this role. This is our constitutional and legal obligation and we will continue doing this. This is our profession.

[Hali] General, changing the subject: In recent days there have been rumors about a possible departure of yours and of General Montenegro. There has been talks about an alleged friendship between you and Amado (Sarrega). What is behind all this, general?

[Serrano] I do not know that man. You know that he was a police corporal. I think if I were to see him, I would greet him, because I have never seen him and some people would make me pay dearly for that. Regarding the resignation part, the president has spoken about that. You know of the acknowledgment he paid the police yesterday when he presented his antidrug plan. Yesterday I saw, with the launching by President Samper of the plan against drugs, the most important by-product of the struggle against drug- trafficking I have ever seen: No country of the world can exhibit results as important as those of Colombia in the struggle against drug traffic. I think that if we work in a united fashion, no one can do half as much as we do. We have seized 42 tons of cocaine, 3.5 million tons of chemical substances, and have fumigated 33,000 hectares, I believe. This has not been done by anybody else in the world.

I think this is the best trademark the country can present in saying: Here we do work seriously in the antidrug-trafficking struggle.

[Hali] General, the country knows you well, and many journalists do too. I can tell you that I respect you, but it is necessary to ask you this, general. There are recordings about an alleged conversation between you and Amado and about a loan for an alleged sailboat about which you talked. These recordings are fake? What is the truth of the matter?

[Serrano] This is not true. It was the result of an editing that was in the making and that intelligence discovered. When we adopted the decision to struggle against internal corruption and against drug-trafficking, we were morally, physically, and psychologically prepared to confront anything. There is nothing wrong with my behavior. If I decided to make a rigorous adjustment in the institution it was because we have the reputation that allowed us to do it. Otherwise, how could we have faced that bull? There is absolutely nothing. We had to dismiss people who worked with us for 30 years and none has any argument to disqualify the institutional commander.

That episode has been buried.

[Arizmendi] Let's see. Gen. Rosso Jose Serrano, it is said that in Colombia the following have the technical capability to record conversations: the DEA, CIA, DAS, Sijin [Metropolitan Judicial and Investigative Police], Military Intelligence, and at one time the drug traffickers. Who do you believe recorded the DEA director in Colombia talking to other DEA officials in the United States?

[Serrano] I believe that it is too early to point to any particular agency. Experience shows that aside from those you mentioned, any person is able to record nowadays. Recording is no longer a mystery. Recordings can be made from the actual telephone exchange, there are recorders that only need to be placed close to the wires entering your phone without a need [2-second audio tone] to go to the telephone exchange, you can record from a telephone junction box. In other words, telephones have practically lost all their privacy. All sorts of gadgets have been invented for that. That is why one cannot single out any agency because that is very complicated, that is very difficult. I remember when we began our struggle against the Cartel, we found equipment [scanners] to intercept cellular telephones, which is something no agency had yet done. In other words, they [the Cartel] were ahead. This was sophisticated equipment, useful for tracking down all possible radio frequencies in the spectrum. In other words, it is very complicated to investigate because drug traffickers, the guerrillas, paramilitary — all, absolutely all of them — have their own intelligence agency.

[Arizmendi] You then rule out it was the DAS, as an EL TIEMPO columnist wrote yesterday?

[Serrano] I do not know, that is too hasty. I believe that... [pauses] Until one has the evidence — at least I have always acted that way — I speak once I have the proof. This has to be investigated because nowadays there is no mystery to it [making telephone recordings], Dario. In fact, you have seen one person speaking with another, well he may have a hidden recorder someplace. Whatever one says can be recorded that way.

[Arizmendi] Of course.

[Serrano] All privacy has been lost, in my opinion.

[Arizmendi] Lastly General, now on another topic to do with the criminal attack against the president's attorney Antonio Jose Cancino, who incidentally reappears in public today in Face to Face [Cara a Cara], with very important disclosures of events and circumstances that he had not said regarding the attack on him. What is known? What does the investigation tell? Where does the hypothesis point to? Was it the guerrillas? Was it drug traffickers? Was it the president's enemies? Who was behind that murder attempt?

[Serrano] Dario, please excuse me, but I would not like to say anything yet because there are important things. I was instructed by the minister of defense that he and his work team [words indistinct] are the ones to report on this. There are important things, but it is better to keep them secret. First, so as to not hurt the investigation and second, so as to not be disloyal [infidente] with this case.

[Arizmendi] But is there any one detained in this case, or are there any suspects?

[Serrano] There are good things, Dario.

[Arizmendi] Good leads?

[Serrano] Yes sir.

[Arizmendi] Pointing to the narcos?

[Serrano] I will not say specifically, but I am happy over the enquiries that have been made so far.

[Arizmendi] I was told that it had been a guerrilla commando contracted by northern Valle Mafia.

[Serrano] We shall see further on who they were, Dario.

[Arizmendi] When will something be learned about this investigation, General?

[Serrano] That is going on fine.

[Arizmendi] We are doing fine so far?

[Serrano] Yes sir.

[Arizmendi] General, many thanks and have a good day.

Prosecutor General 'at Ease' With Court Ruling

PA1210044495 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 12 Oct 95

[From the "Seven O'Clock Newscast']

[FBIS Translated Text] Prosecutor General Alfonso Valdivieso also spoke about the Constitutional Court ruling, which determined that the Accusations Committee did have authority to investigate the president.

[Unidentified reporter] On 11 October, Prosecutor Valdivieso said he was at ease with the Constitutional Court ruling, adding that the Prosecutor General's Office has always agreed that the Accusations Committee has the jurisdiction to investigate President Ernesto Samper. This is why the Prosecutor General's Office will continue to forward the evidence it finds on the head of the state to legislator Heyne Mogollon.

[Valdivieso] It is only natural that, if the investigative body that has the jurisdiction to investigate the president of the Republic is the Accusations Committee, the Prosecutor General's Office will continue to forward, as it has already done, relevant information to the Committee.

[Reporter] With the same confidence, Valdivieso affirmed that the penal responsibility in which certain campaign members could have acquired will be handled individually, not collectively.

[Valdivieso] Penal responsibilities are always defined on an individual basis.

[Reporter] The prosecutor general also pointed out that Process 8,000 continues its normal course and that other people could be subpoenaed in the next few days.

Editorial on Results of Samper's Visit to Germany

PA1110231095 Santa Fe de Bogota EL TIEMPO in Spanish 11 Oct 95 p 4A

[Editorial: "Return from Germany"]

[FBIS Translated Text] Colombian President Ernesto Samper has returned to his country to find the same things but bringing a package of good news for Colombia in his suitcase, particularly in the trade sector. Germany's vigor is well known, placing it today at the head of the European powers, not now for its powerful armed forces of the past, but its economic capacity and its highly advanced industrial technology.

Germany has traditionally been a friend of Colombia. That is why the Colombian-German contacts, dating back to the times of Humboldt, through Scadta, continue now that that country is the strongest European buyer of a vast range of Colombian products.

It was the president's turn again, as a heavy burden, to address the topic of dirty money during the political campaigns. But reports by those who accompanied him, not only from the official delegation but from private interest representatives, accounted for his success during the negotiations on economic and trade matters, which will, in the very near future, allow the signing of accords and the influx of German capital into Colombia.

A united front of German businessmen will back Colombian microbusinesses with an amount equivalent to 12 billion pesos. And following his meetings with Chancellor Helmut Kohl, President Samper got Kohl to become the spokesman for the Europeans on a integral Colombian proposal to fight old and new drug trafficking methods around the world. It will, hence, be the unified Germany that will carry the voice of Colombia and the countries of the Americas to the next meeting of EU members.

Because of the above, President Samper's visit can, undoubtedly, be described as a success for Colombian policy in general. It must be satisfying for those who see the potential of a promising future for our country — or negative, depending on how our compatriots interpret it — and more so if goodwill is put into it because, without goodwill, with or without visits, things do not turn out easy, and the country requires state matters to improve. If things go well, private business and the public sectors will be able to continue the rhythm of progress so necessary and convenient for the nation, that is to say, for all Colombians.

Police Director on Attempts To Discredit Authorities

PA1110015095 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 11 Oct 95

[From the "Seven O'Clock" newscast]

[FBIS Translated Text] National Police Director Rosso Jose Serrano used the popular expression: To attack me is like a fly attacking an elephant — to indicate that he will not be frightened by those who want to blackmail him.

[Begin recording] [Serrano] The truth is that as a result of all that has been done against drug trafficking, many attempts are being made everywhere to destabilize us. However, as we say in my homeland, that is like a fly attacking an elephant.

[Unidentified reporter] [Words indistinct]

[Serrano] Conspiracy. This word has already been exhausted. I can see that drug traffickers are not happy with me, or General Montenegro, or Colonel Gallegos, or the police. Then, what is their intent? To attempt to discredit us. However, it is too late. We have eradicated drug crops, located labs, seized precursor chemicals, chased drug money, and captured drug cartel leaders. If it not be possible that any loose change [menudo] is going around. [sentence as heard] You know that, in this fight, shots come from everywhere. [end recording]

Police Director on Rumors, Accords To Fight Drug Crimes

PA1110223195 Santa Fe de Bogota EL TIEMPO in Spanish 9 Oct 95 pp 1A, 15A

[FBIS Translated Text] National Police Director General Rosso Jose Serrano, and Deputy Director Luis Enrique Montenegro Rinco said yesterday they have never thought about resigning.

Serrano said: "My permanence in the post primarily depends on the president of the Republic's decision. Regarding my decision, it is to continue with the institutional transformation process and an unwavering struggle against all kinds of criminal organizations."

Meanwhile, Gen. Montenegro said: "I have not thought about resigning either and the only thing I can tell the public opinion is that I will continue to work and fight crime."

Serrano, who has just arrived from Chile, where he attended the 2d World Police Congress, talked with EL TIEMPO about the rumors on his possible resignation.

Serrano said: "The information causes disconcert and discomfort, and the only ones who benefit are those affected by police actions. Also, both Gen. Montenegro and I are part of a great team whose goal has been to fight drug traffickers and criminals."

The high-ranking officer, who has been in the Police Directorate for 10 months, considers that the detractors of the work he has done must be sought among corrupt members who are no longer in the corps or the dismantled Cali Cartel.

"It would have been easy for me to reach the directorate and do nothing. I received a police corps that was like a patient in the intensive care unit and I decided to wage a double struggle. On the one side corruption and on the other side drug trafficking.

"Many of the people affected by the cleansing [depuracion] process want to discredit us. They investigate our past and they predict our future. I know they have gone and taken pictures of a country house I own; and they have already investigated if my parents increased their capital in recent months.

"No one has thought about what I suffered throughout the process. I am not Machiavelli to enjoy it when I have to call a subaltern and tell him: You were a magnificent officer but you became a crook so you must leave the corps," he revealed.

The Cartel

Serrano also believes that others who might seek to discredit him are the Cali Cartel members.

"This is also expected from the Cali Cartel. In an operation as quick as that, where there was no time even to breathe, it is normal that, when prisoners begin to get bored, they become obsessed with those who captured them.

"They thought they were more intelligent than we are, but they were wrong. The police's intelligence and honesty defeated them. Also, no dirty tricks were used on this occasion because we did not sell our souls to the devil," Serrano said.

The police director believes "these are the two most complicated struggles ever waged in the country," and, if this government has any achievement to show, "it is the Police's moral and operational recovery."

Referring to the DEA's presence in Colombia, Serrano said operations are being carried out in the country not only with U.S. organizations but also with all those which have experience in fighting criminals.

"Just as it was proved in Chile, we have been openly working with international police organizations since 1980, according to the authorization and agreements signed by the government. We have here liaison officers from Great Britain, Belgium, the Netherlands, Germany, Italy, and the Andean region and we share information and cooperation with them.

Agreements in Chile

"It is necessary to understand that if drug traffickers have no borders, why should the police have them? As policemen we follow many procedures to get a criminal while the drug trafficker can enter any country with a forged passport and that is all," he asserted.

Serrano revealed that one of the main agreements reached by the 33 Police organizations gathered in Chile was the creation of an international search bloc to fight drug trafficking.

"The drug trafficking phenomenon brought all the police corps together. Colombia proposed that we institutionalize the union of all the police corps in the world to create an international school that mainly fights the drug trafficking scourge.

"An international search bloc was practically created to combat crime, and it will include the participation of all the police corps in the world, including the DEA," he said.

For Serrano, the important thing is to combat drug traffickers and criminals. "One does not pursue men, only criminals, and they are all the same. We must clearly understand that there are no good or bad criminals; they all violate the law and they must pay for this," he said.

Samper Administration Announces New Anti-Drug Plan

PA1210015395 Santa Fe de Bogota EL TIEMPO in Spanish 6 Oct 95 p 10A

[FBIS Translated Text] The Samper Administration is preparing to implement its most ambitious plan to combat drug trafficking on a national and international level.

The program called "Colombia's Commitment to the Worldwide Drug Problem" will renew the fight against what has become the country's main scourge.

Justice Minister Nestor Humberto Martinez Neira announced the plan yesterday.

One of the plan's main strategies is the eradication of illegal crops. Results have already been achieved in this area.

In twelve months, half the coca plants cultivated in the country have been destroyed. Of 42,000 hectares planted, only 20,000 remain. A similar situation is seen in the cultivation of poppy plants since 6,000 hectares have already been destroyed.

Parallel to these programs, an alternative development program involving crop substitution is being encouraged, taking advantage of the drop in the price of coca leaves and cocaine base.

Another area in which the battle is being waged is in the industrial production of drugs. In the last twelve months, 583 cocaine processing laboratories have been destroyed. In addition, 400 tons of cocaine and 264 tons of compressed marijuana have been seized thus far this year.

Channel Three New Programming Begins 18 Nov

PA1110121595 Santa Fe de Bogota EL TIEMPO in Spanish 3 Oct 95 pp 1A, 8A

[FBIS Translated Excerpt] The new programming for Channel Three, which most likely will have no commercials, will begin on 18 November. Only sponsors will be allowed.

Yesterday, as the edition of this newspaper went to press, the Television Commission was trying figure out how the sponsorship will work, which is quite different from the commercials that are currently aired on that channel.

Indubitably, these short sponsor breaks will be presented at the beginning and the end of each program.

According to Monica de Greiff, member of the Television Commission, the programming presented by the Communications Ministry contained very few changes. Above all, they sought to preserve cultural programming and respect borders [franjas] [no ending punctuation mark as published]

"Also, we want to have a lot of local production, provided that quality is sustained and the programs really meet the objectives of the channel," de Greiff stated.

The bulk of the programming includes movies, historical series, musicals — which range from popular to cultural topics — national soap operas, opinion programs, and children's programs, among others.

Also, there will be a game show — something that has been virtually banned on our television, despite the fact that on virtually all television stations around the world, a significant portion is taken up by entertainment and amusement programs.

The commission had a long discussion to decide whether or not newscasts would be permitted. Finally, it was agreed that international newscasts would be allowed, but not national ones, much less those the government wanted for Channel Three today.

"Since the state cannot lose the power of reporting, it was decided that every hour there would be three minutes of informative briefs, without opinions. These will be presented by a journalistic team directed by a renowned communicator. They will begin at 1100 in the morning and will end at 2300 at night.

Despite the fact that 10 or 12 of the current progams will be taken off the air, the commission kept those programs with good ratings or those that represent a true alternative for television viewers.

It noted, however, that in six months, the contracts would be reviewed and programs that do not meet expectations will be taken off the air. [passage omitted]

Ecuador

Reports, Reaction to Vice President's Situation

Court Again Denied Access to Accounts

PY1210032995 Quito Voz de Los Andes in Spanish 2300 GMT 10 Oct 95

[FBIS Translated Text] The Supreme Court Justice [CSJ] today for the second time failed to access the microfilms containing the accounts of discretionary funds from the Vice Presidency, which is the object of a judicial investigation. These microfilms are under the custody of President Sixto Duran-Ballen.

CSJ President Carlos Solorzano went to the Central Bank where the microfilms are kept and are guarded by special police forces, accompanied by experts who can establish their authenticity. However, Solorzano could not see the microfilms due to the decree issued last week by Duran-Ballen. This decree establishes that the president of the Republic is the sole guardian of said documents which contain the accounts in which Vice President Alberto Dahik deposited the discretionary funds, and which are the object of a judicial investigation.

The decree represents an obstacle to the criminal court, Solorzano had said. He failed to consider it unconstitutional, however. CSJ press spokesman Fabian Aguirre has said that due to impossibility to access the documents, Solorzano will issue a new procedure which he did not reveal in the Dahik case.

Former Ecuadoran President Rodrigo Borja said that the decree issued last week by Duran-Ballen is an open and illegal action to thwart judicial investigation and to prevent the CSJ from having access to copies of checks drawn from two accounts that were not classified. Former President Borja said that the accounts in which Dahik's two secretaries handled confidential funds are not classified. This has been certified by the manager of the Pacific Bank, where the money was handled. Now they want to come up with last-minute arguments which do not exist.

By issuing the decree, the president of the Republic is committing an illegal action with the purpose of concealing these checks from those two accounts, to prevent the country from knowing this and the CSJ from investigating the data, the former president said.

He added that it is clear that those accounts are not classified and the president has no right to declare them confidential. According to Rodrigo Borja, it is very clear that expenditures of those accounts have nothing to do with national security, and much less with the conflict with Peru, because previous and current military officials have said that the Vice Presidency has never provided funds for the country's external defense.

Should the Supreme Court president's activities be thwarted, he should call for the laws that guarantee the independence and autonomy of the three state branches, the former president said.

CSJ President Carlos Solorzano has harshly criticized Ecuadoran President Sixto Duran-Ballen for not allowing investigation of microfilms containing accounts of the Vice Presidency. This is a barbarous and unconstitutional meddling by the executive branch, and this does not help in making the independence of the judicial branch respected, and I will continue with the criminal trial, Solorzano told reporters.

A decree issued by Duran-Ballen on Tuesday interrupted the revision of bank accounts from the Vice Presidency initiated by the CSJ. Notwithstanding the decree in which Duran-Ballen was declared sole guardian of the microfilms, Solorzano had access to the documents considered confidential by the government.

I am not aware of any classified decree issued by the president of the Republic, and for this reason I want to verify the microfilms, Solorzano said.

Twenty minutes after the initiation of proceedings at the Central Bank, together with two experts, a messenger from Duran-Ballen gave Solorzano a copy of the decree preventing him from continuing with the judicial procedures.

Jose Guerrero, lawyer of one of the accused [former Foreign Minister Diego Paredes], said that a copy of the official registry arrived with the presidential decree which is classified by nature. This has established that CSJ president must suspend the proceedings.

Visibly annoyed, Solorzano left the Central Bank and a few hours later made known his position on the case. He said: To the extent possible and in accordance with the law, I will not allow violations of constitutional provisions that guarantee the independence of state functions. Solorzano also declined to reveal how long the criminal trial against Vice President Alberto Dahik will last. I am not in a position to say the time this trial will last, because there are still many proceedings, rulings, and actions to be taken, he said.

The CSJ has designated two experts to verify whether the microfilms have been distorted, following press reports that it could happen. Vinicio Vaquero, one of the experts said: We will conduct a thorough and complete revision to see that these documents were not changed.

The experts intend to submit a complete report to the CSJ this Thursday. Analysis of the documents is the first judicial proceeding conducted by the CSJ following the acquittal of vice president by Congress last week. The National Congress last Friday acquitted Dahik of two bribery charges brought against him by the opposition.

Vice President Back, Working 'Normally'

PY1110151395 Quito Voz de Los Andes in Spanish 2300 GMT 10 Oct 95

[FBIS Translated Text] Vice President Alberto Dahik today resumed his duties without responding to a presidential petition to resign. Government Palace spokesmen said that the vice president arrived at his office at approximately 1100 and began working normally.

Congress last week initiated impeachment proceedings against Dahik, accusing him of corruption, but acquitted him on Friday after several hours of deliberation.

The vice president's defense speech was termed brilliant by government officials. It is also expected that the vice president will respond to the resignation request submitted to him by Ecuadoran President Sixto Duran-Ballen.

Supreme Court Orders Dahik Arrest

PY1210013995 Madrid EFE in Spanish 0041 GMT 11 Oct 95

[FBIS Translated Text] Quito, 11 Oct (EFE) — Carlos Solorzano, chief of the Ecuadoran Supreme Court (CSJ), issued tonight an order of preventive arrest against Vice

President Alberto Dahik within the framework of the penal trial he is facing for alleged corruption charges.

Solorzano ordered the police to arrest the vice president and to transfer him to one of the Quito jails. Moreover, to prevent an eventual escape, Solorzano has ordered the police to inform emigration authorities so that they may prevent him from leaving the country.

In addition to the penal trial on charges of embezzlement of discretional funds allocated to the vice president's office, Dahik has not answered the resignation request his fellow Conservative Party member President Sixto Duran-Ballen publicly made 12 days ago.

Cabinet members believed to be Vice President Dahik's unconditional supporters suggested that President Duran-Ballen withdraw the request after Dahik triumphed during an impeachment process five days ago, which Congress conducted against him for alleged bribery and violations of national honor.

In view of Solorzano's decision, the Ecuadoran Congress is about to elect a new vice president, something which it would have done several days ago had Dahik complied with Duran-Ballen's resignation request or if the deputies had approved the motion of censure and impeachment process from which the vice president was able to come out triumphant.

Duran-Ballen Cancels Trips

PY1210005895 Madrid EFE in Spanish
2241 GMT 11 Oct 95

[FBIS Translated Excerpt] Quito, 11 Oct (EFE) — Ecuadoran President Sixto Duran-Ballen today cancelled his trip to Cartagena, Colombia, and to Bariloche, Argentina, where he was scheduled to attend the Nonaligned and Ibero-American summits, respectively. Duran-Ballen made this decision because of the crisis created by the alleged corruption charges raised against Vice President Alberto Dahik.

Duran-Ballen named Foreign Minister Galo Leoro to head the official delegations to these summits. Education Minister Fausto Segovia will also be part of the delegations attending both summits. [passage omitted]

The Ibero-American summit will be held on 16-17 October, while preparatory meetings for the Nonaligned summit starts on 15 October, prior to the Nonaligned chiefs of state summit to be held in Cartagena on 18-19 October.

Chief Justice Protests Decree

PY1210041495 Madrid EFE in Spanish
0339 GMT 12 Oct 95

[FBIS Translated Text] Quito, 11 Oct (EFE) — Supreme Court President Carlos Solorzano on 11 October ruled out the possibility of meeting with Ecuadoran President Sixto Duran-Ballen shortly after the former ordered the police to arrest Vice President Alberto Dahik, who is facing penal charges of alleged corruption. The chief justice said he will not meet with Duran-Ballen unless the latter repeals a decree that forbids Solorzano to use microfilmed information on the bank accounts of the Vice Presidency, an office that has been charged with fraud.

Solorzano told the press that "democracy has been consolidated" by his resolution against Dahik, which includes a warrant for his arrest, embargo on his goods, blocking of his bank accounts, and a prohibition to leave the country.

Shortly after the court order was made public, Dahik resigned and — escorted by police, as was shown by television — he left his house and headed for the Quito airport, from where he departed in his own light plane for an unknown destination.

Several police generals explained that they received the Supreme Court order after this action, and that they immediately ordered an operation to arrest Dahik. The operation included a search at the headquarters of the Conservative Party-National Unity (PCUN) in Quito. The PCUN is led by Dahik and Duran-Ballen.

Compliance with the court order "depends on police. All Ecuadorans are hopeful, democracy has been consolidated, and the country is being revitalized," Solorzano added.

Vice President Resigns

PY1210014895 Madrid EFE in Spanish
0126 GMT 11 Oct 95

[FBIS Translated Text] Quito, 11 Oct (EFE) — Ecuadoran Vice President Alberto Dahik resigned from his post today after the Supreme Court issued an order of preventive arrest against him within the framework of a trial Dahik is facing on charges of alleged corruption.

Deputy Freddy Bravo, from the Conservative Party of National Unity, headed by Dahik and Ecuadoran President Sixto Duran-Ballen, submitted the text of the resignation to Congress President Fabian Alarcon.

Within the next few days, the Ecuadoran Congress must elect Dahik's successor, who will serve Duran-Ballen until the end of his presidential term on 10 October 1996.

Deputy on Dahik Arrest Order

PY1210030695 Madrid EFE in Spanish
0200 GMT 11 Oct 95

[FBIS Translated Excerpt] Quito, 11 Oct (EFE) — Ecuadoran Vice President Alberto Dahik today resigned from his post after the Supreme Court (CSJ) issued an order of preventive arrest against him within the framework of a penal trial he is facing on alleged corruption charges. [passage omitted]

President Duran-Ballen requested Dahik's resignation in a message to the nation he addressed 12 days ago, but Dahik responded to the president's request only today.

Deputy Bravo disqualified the order of preventive arrest issued against Dahik which he described as a political, not a judicial decision.

About Dahik's eventual resistance to go to jail, Bravo said that the resigning vice president "will personally adopt the appropriate decision in compliance with what has been suggested to him by his lawyers. However, I cannot say what he will do."

He added that the PCUN "will go to the trenches because we will fight with our lives, if necessary, against these absolutists."

Television images today showed Dahik leaving his residence for an unknown destination after the CSJ issued the order of preventive arrest and the text of his resignation was made public.

Deputy Bravo said that the resignation was written "by a courageous man, a patriot, a man who makes history."

The resignation that was read to deputies in keeping with orders issued by Congress President Fabian Alarcon — to whom it is addressed — states that "the following seeks to inform" the national Congress of "my decision to resign from my post of constitutional vice president of the Republic."

The brief resignation adds that "I thank you for your consideration," and ends with the phrase: "God, Fatherland, and freedom."

Dahik is facing penal charges for the embezzlement of discretional funds.

On 6 October, Congress acquitted Dahik after facing for one week a motion of censure and impeachment on charges of alleged bribery and serious violations to national honor. Dahik confessed that he had "bribed" judges, deputies, and other officials to promote the approval of legal initiatives that were of interest to the administration.

Dahik Departs; Industry Minister Resigns

PY1210031195 Madrid EFE in Spanish
0225 GMT 12 Oct 95

[FBIS Translated Excerpt] Quito, 11 Oct (EFE) — The resignations by Ecuadoran Vice President Alberto Dahik and Industry, Commerce, and Integration Minister Jose Vicente Maldonado — which were tendered today — marked the 24th ministerial reshuffle in the 38 months of the government of conservative President Sixto Duran-Ballen.

The resignation of Maldonado was simultaneous with the issuing of a warrant for preventive arrest by the Supreme Court (CSJ) President Carlos Solorzano today against the Ecuadoran vice president on charges of alleged corruption.

According to unconfirmed press reports, Dahik took a plane and departed for an unknown destination shortly after the CSJ decision and his resignation letter were made known. Maldonado, who two years ago replaced Marcelo Pinto in the Industry portfolio, in the past few days expressed his total loyalty to the then vice president. He suggested that the entire cabinet should resign if Dahik tendered his resignation. [passage omitted]

Dahik 'Presumably' Gone to Guayaquil

PY1210035095 Quito Voz de Los Andes in Spanish
0317 GMT 12 Oct 95

[FBIS Translated Text] We report that Vice President Alberto Dahik left his house tonight at about 2000 [0100 GMT 12 October]. He was escorted only by the police. His whereabouts are still unknown.

Dahik departed from the Mariscal de Sucre Airport presumably to Guayaquil.

Three top-ranking police officers visited tonight the headquarters of the Conservative Party to verify if the vice president was there.

Once they established that Dahik was not at the Conservative Party headquarters they withdrew without making any comments.

Said Expected in Guayaquil

PA1210041495 Quito Radio Quito in Spanish
0330 GMT 12 Oct 95

[Report by Pancho Nopre from Guayaquil airport — live relay]

[FBIS Translated Text] There were persistent rumors that Vice President Alberto Dahik, after learning of the arrest warrant issued against him by the president of the Supreme Court of Justice, would come to Guayaquil. At about 2120, all the reporters gathered here at Simon Bolivar International Airport to wait for Alberto Dahik to arrive in this main port city.

At about 2130, there were no policemen here at the airport in Guayaquil, but then we learned about a nationwide search. At 2150, some police and Army squads arrived to (?stand guard) at the Simon Bolivar Aiport here in Guayaquil.

We have also learned of the arrival of a small private plane piloted by [words indistinct] Dahik's brother. We do not know whether he will come here. We have also learned that, according to orders issued by General (Miguel Barker), second in command in the National Police, that this is a nationwide operation. It was said here at the main port city that Alberto Dahik could have flown to Manta or (Salina). It was also rumored that the vice president could have traveled by ground transportation to Cali, Colombia.

I repeat, the police already [words indistinct] inside the landing strip at the Simon Bolivar International Airport, but the police, as soon as they arrived here, evacuated the media and curious onlookers who are here at the international airport expecting a plane to bring the vice president to this main port.

According, however, to what we heard here at the airport, especially from those in charge, the police, as part of its nationwide operation will not release any information, but the reporters are still here waiting for news.

Alarcon To Assume Vice Presidency

PY1210051795 Madrid EFE in Spanish 0403 GMT 12 Oct 95

[FBIS Translated Text] Quito, 11 Oct (EFE) — Ecuadoran Congress President Fabian Alarcon, who will assume the post of acting vice president if Congress decides to accept the resignation that Vice President Alberto Dahik tendered today, has said that "the important thing is to safeguard democracy."

Alarcon reminded that the Ecuadoran Constitution establishes that it is the Congress president who must perform the duties of acting vice president whenever there is no vice president. In view of recent developments, Alarcon also urged Ecuadorans "to be peaceful and calm."

He added that "as soon as possible" he will summon a full session of Congress, which comprises 77 deputies, so that they may issue a decision on Dahik's resignation and eventually appoint his successor, "who can be any Ecuadoran who is able to obtain at least 39 legislative votes."

Dahik tendered his resignation to Congress after Supreme Court (CSJ) President Carlos Solorzano issued an order for his preventive arrest within the framework of a penal trial he is facing on charges of alleged embezzlement of discretional funds allocated to the vice president's office.

Alarcon said: "We should have no fear about what is taking place." He added that "our incipient democracy is ready to handle such crises and it will succeed."

Alarcon reasserted his support for the judicial branch for the way it is handling the "Dahik case." He also said that "all authorities, no matter how important they might be, should answer for their deeds before the Ecuadoran people."

He reasserted that "the peace and calm" that Ecuador demands "is not the peace found in cemeteries," because "we will not be covering up any existing irregularities."

Alarcon stated that the Legislative Branch "will continue its supervisory duties." In view of this, he requested the Congressional Overriding Committee to investigate all charges raised during the motion of censure against Dahik, who was acquitted on 6 October.

He said: "We will go forward, punishing those who have deceived the country." Alarcon added that he will not approve a motion of censure against President Sixto Duran-Ballen if there are no serious reasons to justify it.

He also expressed his support for Supreme Court Chief Carlos Solorzano, "so that nothing or no one will interfere in the investigation proceedings" of the Dahik case.

Duran-Ballen Address on Resignation

PY1210045795 Quito Voz de Los Andes in Spanish 0409 GMT 12 Oct 95

[Address to the nation by President Sixto Duran-Ballen; place not given — live]

[FBIS Translated Text] Fellow citizens: Ecuador has witnessed one of the most dramatic events in the history of its democracy. Week after week, we have painfully seen hatred and political revenge create an atmosphere of instability and uncertainty.

Vice President Alberto Dahik was submitted, without any justification whatsoever, to an impeachment trial in Congress, where he clearly proved that there were no legal grounds for the censure motions.

In my capacity as constitutional president of the Republic, I should point out my concern and astonishment at the obvious excess committed in the impeachment and judicial trials against the vice president. It is surprising that the Supreme Court president should have issued a warrant for the preventive custody of the vice president this evening. This is a clear violation of essential legal principles.

The vice president will properly face the judicial trial, and will disprove the charges pressed against him. I therefore want to express my solidarity with him.

It has been said that the presidential decree confirming the secret nature — I reiterate, confirming the secret nature — of the documents being kept at the Ecuadoran Central Bank, which will be maintained secret, is an obstacle for the administration of justice. However, I must once again make it clear that far from that, the decree has empowered the Supreme Court president to analyze and review the documents, keeping them secret as is established by the law. That is my legal obligation.

The vice president has submitted his resignation to Congress, which should analyze it during a special period of sessions called for such purpose. I would also like to inform people that within the next few hours I will submit to Congress the name of the three citizens that Congress must consider designating the new vice president, in keeping with Article 84 of the Constitution, which was amended by Congress on 12 January 1995.

Fellow citizens: Ecuadorans should tackle in a mature manner this new and hard chapter of political violence. Let us overcome this serious incident, which in addition to causing severe wounds to our country is undermining its international image.

What we have just experienced is unequivocal evidence that the prevailing political system cannot effectively respond to the demands of the nation. What we have just experienced is a dramatic example that should make us understand that the change and transformation of Ecuadoran fundamental structures, which my administration is determined to achieve, cannot be (?postponed.)

Fellow citizens: Tonight I would like to tell you that despite the efforts to destabilize the country I will [words indistinct] and with determination to conclude my government term in August 1996 by establishing the bases so that this yet imperfect democracy may definitely become a tool to achieve the well-being of all.

This should be our joint (?ambition). Yes, let us work together to build the atmosphere of peace, harmony, and stability we need to achieve a better future.

Good night, fellow citizens.

Bank Superintendent Acquitted

PY1210033895 Quito Voz de Los Andes in Spanish 0304 GMT 12 Oct 95

[FBIS Translated Text] The Supreme Court has put Congress in a situation in which it is very close to electing a new vice president. This measure would have been enforced several days ago if Vice President Alberto Dahik had complied with the request for his resignation, or if the deputies had approved a request for censuring and dismissing him. Dahik, however, overcame the problem caused by the deputies' request.

The impeachment trial, which lasted all last week, began after Dahik confessed that the government yielded to the blackmail of judges, deputies, and other officials in return for their abstention to reject executive branch initiatives.

In the impeachment trial, which began in August, the Supreme Court President issued an order for the preventive custody of former Foreign Minister Diego Paredes and of two private secretaries of Dahik — Gladys Marchan and Mario Crespo — who owned private bank accounts in which public funds were deposited for defraying the secret expenses of the Vice Presidency.

The warrants for preventive custody were not fulfilled by the police, who have admitted that the operations to find the wanted officials have been unsuccessful.

Among the wanted officials is Bank Superintendent Ricardo Munoz Chavez, who today was acquitted. The request for his arrest was cancelled.

Plan Against Poverty To Start in Border Provinces

95P20006

[FBIS Editorial Report] The 26 September edition of Guayaquil EL UNIVERSO in Spanish publishes on page 4 a 600-word article, "Plan Against Poverty Underway." The daily reports that the Ecuadoran Government has launched a nationwide plan against poverty starting with the neediest border provinces in the south, the National Development Council's (Conade) Planning General Secretariat announced.

The first province to benefit from the plan will be Loja. President Duran-Ballen has approved the pilot plan for Loja Province with financing totaling 4.335 billion sucres divided among education, health, employment, production and trade, and basic services. The neediest cantons of the province, Macara and Zapotillo, will be targeted first.

The plan against poverty is part of the Ecuadoran Government's modernization policy aimed at improving the relationship between the state and society, optimizing the allocation of resources, and redirecting funds to projects focused on the poor.

Paraguay

'Democracy' Prerequisite for Resumption of Ties With Cuba

PY1110205895 Asuncion ABC COLOR in Spanish 9 Oct 95 p 12

[FBIS Translated Excerpt] Foreign Minister Luis Maria Ramirez Boettner has stated that Paraguay wants Cuba to reestablish democracy before resuming diplomatic and/or consular relations with the Caribbean island. The draft 1996 budget which the Foreign Ministry submitted to Congress does not contemplate the establishment of a Paraguayan embassy or consulate in Havana.

Ramirez Boettner has met with his Cuban counterpart, Roberto Robaina, on four occasions. The latest meeting was held not long ago in New York, where the ministers exchanged views for more than an hour. According to the Paraguayan foreign minister, they reviewed "the situation in Cuba, the economic and liberalization measures the Cuban regime is adopting. Ramirez Boettner added: We hope that Cuba will also embark on a political liberalization drive." [quotation marks as published] [passage omitted]

Peru

Activities in Lima of PRC Premier Viewed

PY1110151495 Lima America Television Network in Spanish 0100 GMT 11 Oct 95

[FBIS Translated Text] In compliance with an agreement signed today between Peruvian Foreign Minister Francisco Tudela and the Bank of China's vice president, Peru will receive an important credit of $150 million granted by the Bank of China. The ceremony, which was held at Government Palace, was part of the activities carried out today by Chinese Premier Li Peng and his retinue, who have been in our country since yesterday.

Because the Chinese premier wanted to pay homage to the memory of our heroes, a ceremony was held at the Park of Our Predecessors and Founding Fathers in Jesus Maria. Li Peng arrived there together with his wife Zhu Lin, and placed a wreath at the foot of the monument erected in that park.

From there, Li Peng went to Government Palace, where he held a working meeting with President Alberto Fujimori. Afterward, a simple ceremony was held in the Golden Hall, during which several agreements were signed.

The first of these agreements was signed by the deputy ministers of commerce of Peru and China, and dealt with nonreimbursable financial aid amounting to 5 million yuan, equivalent to approximately $600,000. There was also an accord concerning the donation of knitting machines by the Chinese Import and Export Company.

As announced, the Peruvian foreign minister and the vice president of the Bank of China signed the buyers' credit granted to our country, in the amount of $150 million. As is known, this fund will be earmarked to finance the purchase of Chinese products and services.

Both Li Peng and President Fujimori stressed the two nations' desire to strengthen relations of friendship and cooperation.

The Peruvian president stressed the fact that China has been one of the first nations to come to the aid of our country in the most difficult moments:

[Begin Fujimori recording] I am certain that with the visit of Premier Li Peng, these relations will continue growing, particularly in an area of interest to us: namely, foreign trade, for we know that Peru is an emerging country, with a sound economy, and China too is one of the largest emerging markets in the world. [end recording]

Diplomatic relations between Peru and China are experiencing their best moment since 1971, when ties were established. Commercial ties are also developing at a very good pace. Peru has become one of the most important Latin American partners for the PRC. Last year, the amount of bilateral trade reached $470 million, and this year it is expected to surpass $500 million.

Continuing with his activities, Li Peng went to the Torre Tagle Palace this afternoon to extend greetings to Dante Cordova Blanco, president of the Council of Ministers. The illustrious visitor was accompanied by part of his retinue, among them the foreign trade minister, a state councillor, and the director of the Premier's Office. Chinese Ambassador to Peru Chen Jiuchang also participated in the brief meeting, during which Minister Cordova stressed the importance of this visit for both nations:

[Begin Cordova recording] We have talked about trade with China, and exchanges in different sectors, including education, because Premier Li Peng was also education minister in his country in the very beginning, and so he has very rich experience in the area of education. We have also exchanged ideas on projects and experiences, seeking to expand the level of cooperation not only in the commercial area, but in the fields of education, culture, and sports as well. [end recording]

Nuclear Development Cooperation Program With PRC Planned

PY1110182495 Madrid EFE in Spanish 2200 GMT 10 Oct 95

[FBIS Translated Text] Lima, 10 Oct (EFE) — Jiang Xinxiong, president of the China Nuclear Industry Corporation, announced today that Peru and China will jointly design a nuclear development cooperation prorgram.

Jiang Xinxiong made this statement after holding a meeting with Amado Yataco, Peruvian energy and mines minister, within the framework of the activities carried out by the official entourage that is accompanying Chinese Premier Li Peng, who arrived in Lima on 9 October on a three-day official visit.

Jiang Xinxiong said that China is particularly willing to implement these programs. He also said that there must be mutual cooperation at the bilateral level in view of the fact that both countries "are decided upon achieving development in this field."

Jiang Xinxong added that during his meeting with Energy Minister Amado Yataco, they discussed guidelines for a nuclear cooperation program, and that, in view of this, the first exchange of information has taken place. He said, however, that no specific projects were agreed upon.

Also present at this meeting with Energy Minister Yataco were Deputy Energy Minister Jorge San Roman; Deputy Mines Minister Juan Mendoza Marsano; and Luis Gamarra, president of the Peruvian Institute of Nuclear Energy (IPEN).

PRC Said Fujimori's 'Main Political Target' in Asia

PY1110190795 Lima LA REPUBLICA in Spanish 30 Sep 95 p 6

[Article from the "Observer" column by Mirko Lauer: "China Is Approaching"]

[FBIS Translated Text] The announcement of an official visit by Chinese Premier Li Peng is another confirmation that Alberto Fujimori's main political target in Asia is not Tokyo but Beijing. China not only broke the ice at the international level through its participation in the Peruvian privatization process as a result of the purchase of HierroPeru [Peruvian Iron Mines Enterprise], but has also become the supplier of surprising products.

China has finally expressed an empathy with the Fujimori regime that pragmatic Japan, which is, after all, a democracy, has expressed, in the Latin American context, toward Chile. The periodic criticisms that Fujimori has made concerning several aspects of Western democracy have evidenced that the empathy that the Chinese Communist Party [CPC] feels toward him is fully reciprocated.

China has become an important point of entrance for Peru in the Pacific Rim, while Peru has become a special hinge for Chinese interests in Latin America. Starting with the obvious air of familiarity that current Chinese leaders have granted to their political methods, the CPC believes Peru is on the path of becoming a partner both at the economic and political levels.

If the mission that is about to arrive is of the size and importance alluded to in press reports, Beijing is about to surpass its status of being an exporter of iron, an importer of fishmeal, and a supplier of semimanufactured goods. For years important credit lines with China have languished on paper for lack of interest on both sides.

Now some Peruvian political operators — Congressman Victor Joy Way is reportedly one of them — are betting that China will become an important economic protagonist, like Chile, for example. One of China's clear interests in Peru (Milu, in Mandarin) is oil, in which it has already engaged in some modest but tempting incursions.

Many persons close to the administration believe that China is an economic market that Peruvian economic groups did not have access to for several reasons. To involve Beijing in Peruvian economic matters will bring into being numerous influential new economic groups.

Harvard Sinologist J.K. Fairbanks once said that Maoism is a nationalism administered by communists. The key word in this phrase is nationalism. Li Peng is arriving in Lima with this perspective. How would Fairbanks describe Fujimorism?

Despite the tight schedule, the administration ought to inform the public about the agenda as concerns its ties with Beijing. Otherwise, the visit may end up being more secret and complicated than a Peruvian privatization process.

It is very difficult to dissociate Li Peng's announced visit with Fujimori's sudden trip to Beijing (officially to address the Women's Summit, but also to extend a formal invitation to the Chinese leader) and with the tactic to undermine Martha Chavez' role in China (the fact is that Fujimori's mere presence in Beijing reduced the impact of Martha Chavez' visit to the minimum).

Foreign Minister: Ecuadoran Situation Must Not Delay Solution

PY1110180995 Lima EXPRESO in Spanish
28 Sep 95 p A2

[FBIS Translated Text] Peru is not willing to wait until the new Ecuadoran Government is installed to conclude negotiations over the border dispute. This was stated by Peruvian Foreign Minister Francisco Tudela in New York yesterday with reference to the Ecuadoran electoral process next May.

He said that the Peruvian Government "will faithfully comply" with all the agreements reached with Ecuador and will "do everything necessary to bring Ecuador to the negotiating table for talks on the border dispute."

Tudela said that Peru does not believe it should wait until a new government is installed in Ecuador to resume talks, because we believe Ecuador's interests (concerning the border issue with Peru) are permanent.

Regarding the domestic crisis the neighboring country is experiencing, which has resulted in an impeachment process against Vice President Alberto Dahik, the Peruvian foreign minister said that the domestic problems each country may have are not related to their international priorities.

He stressed: "What happens in Ecuador has nothing to do with our international commitments. We cannot delay our commitments simply because someone says there is instability in the neighboring country. That is something that does not concern us. That is a domestic, sovereign problem of an independent state such as Ecuador."

Tudela added: "We fulfill our commitments, and hope our Ecuadoran counterparts will do the same, because states are not like people. States are permanent, and their interests are also essentially permanent. Therefore, we expect that, from all we have heard and seen, Ecuador considers the solution of these problems a permanent interest on the part of the Republic of Ecuador.

Minister Tudela made these comments to a local radio station from New York, where he is attending the 50th period of sessions of the UN General Assembly.

The foreign minister added that "we do not understand how the domestic instability in the neighboring republic could modify those interests that do not vary (the solution of the border conflict) and that are present in every country."

Tudela explained that the purpose of the next meeting of deputy foreign ministers in Brasilia is to assess the implementation of the Itamaraty Peace Declaration and, within this framework, the application of point No. 5 referring to the establishment of a demilitarized zone and the general development of the process.

He then went on to explain that during the meeting, the deputy foreign ministers will not raise other more important issues of the process, because these will be discussed during the meeting the Peruvian and Ecuadoran foreign ministers will hold when Ecuadoran Foreign Minister Galo Leoro Franco visits Lima.

Addresses UNGA on Consolidating Ties

PY1110174595 Lima EXPRESO in Spanish
27 Sep 95 p A4

[FBIS Translated Text] Speaking to the 50th period of sessions of the UN General Assembly [UNGA] in New York, during the general debate, Foreign Minister Francisco Tudela recalled that the government of President Alberto Fujimori has embarked upon a path to strengthen the consolidation of relations with its neighboring countries in order to enhance a historical relationship of cooperation.

He added that such efforts could be thwarted if no support is found in the international system.

In his speech to the UNGA plenum, Tudela made a call for the reevaluation and defense of the principles and objectives of international law as the sole possible basis of the current world order.

In that context, he reaffirmed Peru's commitment to the renewal of the international system, based on the "everlasting principles of mankind, individual rights, international law, and respect for the cultural and constitutional independence of nations." He expressed his concern over the existence of "fictions — ethnic, geographical, and utopian fictions — which are endless sources of suffering for millions of men and women of our times, as well as serious disruptions of precarious international balances."

The foreign minister considered as part of the past the international system characterized by the Cold War, and added that the construction of a just and peaceful world can only be achieved based on "objective reference points to prevent unilateral or exclusive interpretations of current principles for civilized coexistence among nations."

He also referred to the tendency of considering an indisputable fact the progressive disappearance of sovereignty on the part of states, which would legitimize the imbalanced meddling of some nations in the affairs of others.

He warned, therefore, that "those who seek new legal and political definitions of sovereignty must try to respect their essence, which is nothing other than respect for the constitutional independence of all countries of the world."

Uruguay

Clothing Manufacturers: Brazilian Barriers Persist

PY1110205695 Montevideo EL OBSERVADOR in Spanish 18 Sep 95 p 10

[FBIS Translated Text] Nongovernment sources told EL OBSERVADOR this week that Uruguayan exports continue to encounter restrictions and nontariff barriers despite our country's frequent proposals and demands at the Mercosur [Common Market of the South] and bilateral levels.

The sources noted that, as this situation continued, the Association of Clothing Manufacturers [Camara de la Vestimenta] sent a note last week to Foreign Trade Director Graziella Bonfiglio, "trying to specify" the damages that these limitations are causing to the clothing sector.

Bearing in mind that during the last Common Market Group meeting, held in Montevideo on 28 August, the Brazilian delegation downplayed the significance of the existence of barriers because Uruguayan exports are growing, the industrialists deemed it necessary to describe the negative effect of some decisions.

The entrepreneurs hope Bonfiglio will send to Brazilian Government officials the note that she received as a way of confirming the existing problems.

In this regard, the note elaborates on some of the consequences of the delays in approving the import permits, which are currently effective for 60 days, and emphasizes that most sales to the Brazilian market are made to order. Therefore, the nonfulfillment of an order or a break between the production and marketing periods affect both importers and exporters.

Despite the nervousness of the industrialists, Uruguayan Government officials are downplaying the seriousness of this situation and hope there will be no losses for domestic exporters.

Trade disagreements with Brazil have been marking the bilateral relationship throughout this year and, even though the Uruguayan Government has formally lodged a protest at the Mercosur level, the promises to remove trade barriers have still not been fulfilled.

Surplus

The measures taken by Brazil to improve its trade balance seem to have begun yielding results. After totalling a $4.267-billion trade deficit by June, Brazil achieved a puny $2-million trade surplus in July. The upward trend in our trade balance with Brazil was confirmed in August alone when a $300-million surplus was achieved.

Diplomatic Relations Established With Bosnia-Herzegovina

PY1110212495 Montevideo LA MANANA in Spanish 30 Sep 95 p 7

[FBIS Translated Text] Against the backdrop of the 50th anniversary of the United Nations, Uruguayan Foreign Minister Alvaro Ramos and his Bosnian counterpart Mohamed Sacirbey signed an agreement under which Uruguay and Bosnia-Herzegovina established diplomatic relations.

On that occasion, Ramos stated that Uruguayans "have closely followed the vicissitudes of the people of Bosnia — where war has been raging for three years — and they want to contribute to the pacification process currently under way in the entire region."

Sacirbey, for his part, said that "Bosnia's struggle to maintain a multicultural and multireligious society is well understood in the Americas."

Envoy Lauds UN Peacekeeping Efforts, Trade Initiatives

PY1210005795 Montevideo EL OBSERVADOR in Spanish 30 Sep 95 p 10

[FBIS Translated Text] Respect for international law, self-determination, preservation of peace, resolutions to the existing serious conflicts in the world, and more fair trade between nations were the main points of Uruguay's speech at the 50th UN General Assembly on 29 September.

Uruguay reiterated that it supports an expansion of the UN Security Council in order to make it less biased and to achieve a greater representation, but making sure that the changes do not impair its operation and efficiency. Germany [as published], the PRC, the United States, France, and Russia are the current permanent members of the Security Council.

Speaking at the annual assembly, Uruguayan Ambassador [to the United Nations] Jorge Perez Otermin stated that the United Nations must increase its effectiveness by "avoiding formulas that restrict its ability to respond or that endorse new inequalities among its members."

Uruguay endorsed the United Nations' role of supporting "the preservation of peace and resolving the main problems that affect the world," and reiterated its conviction that "international peace can only be achieved through strict adherence to international law and the resorting to peaceful measures to resolve conflicts."

The Uruguayan ambassador maintained that "our reforming efforts must not dissociate us from our main duty of facing — with the albeit imperfect measures that we currently have at hand — the serious conflicts that are affecting international peace."

Perez Otermin lauded the creation of the WTO, but he called on those who participate in the markets to a greater extent to respect the rules of the game in order to achieve a more fair trade. He also supports the creation of new mechanisms, especially preventive ones, in order to obtain a more stable international financial system.

The ambassador mentioned Mercosur [Common Market of the South] in his speech, stating that its members do not intend to build a closed fortress. On the contrary, they want to consolidate it and expand its links with other neighboring countries and nations of the developing world, "especially those with which we share the South Atlantic region."

Communique: Castro To Be Accorded Military Honors

PY1110153595 Montevideo LA MANANA in Spanish 3 Oct 95 p 2

[FBIS Translated Text] In view of press reports published on 2 October claiming that no military honors would be accorded Cuban President Fidel Castro on the occasion of his state visit to Uruguay, the Press and Broadcasting Secretariat of the Presidency of the Nation states:

1. All due honors will be paid to Cuban President Commander Fidel Castro on all occasions where such honors are required in conformity with Uruguayan protocol (arrival in Uruguay, entrance into the Uruguayan National Hero Jose Gervasio Artigas Mausoleum, entrance into the presidential residence located on Suarez Avenue, departure).

2. Each of these ceremonies — including extending of military honors — will be similar to those held on two occasions under the incumbent administration, when honors were extended to visiting foreign heads of state.

3. Uruguay's ceremonial protocol does not enjoin that the commanders in chief of the Armed Forces proffer honors to a foreign authority. Their participation is limited to those ceremonies to which they are especially invited.

4. Military honors will be rendered by the units that usually participate in ceremonies, and not only by the Blandengue Corps. Since the incumbent administration assumed office, the honors accorded to the president of the Republic and visiting foreign heads of state at the airport have consisted of an honor guard and bugle call by Air Force personnel. This ceremonial, which is comparable to the one observed in most foreign countries, stipulates that honors are presented regardless of the fact that the sun has already risen or set.

5. The president of the Republic has NOT [preceding word published in upper case] met with the Army commander in chief to discuss this issue.

Venezuela

Defense Minister, President Deny Recent Coup Rumors

PA1210011795 Caracas Venezolana de Television Network in Spanish 0200 GMT 11 Oct 95

[From "The News" newscast]

[FBIS Translated Text] Defense Minister Division General Moises Orozco Graterol spoke today about the wave of rumors that recently swept the country. He said garrisons are actively working and are dedicated to keeping to their specifically assigned tasks. He emphasized that at no time can one speak of a coup d'etat or destabilization.

The rumors are unfounded, hurt Venezuela's image abroad, and come from sectors that have little consideration or love for Venezuela. With these words Defense Minister Division General Moises Orozco Graterol described the problem and reminded that the source is being investigated, and especially those who have a vested interest and stand to gain:

[Begin Orozco recording] Enquiries are being made to determine the interests of sectors — the economic sector, I imagine — that are circulating these rumors, intending perhaps to keep investors away or to create a situation of chaos. When we hear comments such as that the president is dead or that the president's health is so frail that he will barely make it to the end of the month, there has to be some sort of interest behind this. Otherwise, we cannot understand this. These rumors do not originate from within the Armed Forces. [end recording]

And if to prove that false conjectures are being made about him in the government, President Caldera toured for about 45 minutes all the stands set-up at the honor schoolyard [patio] in the military academy to celebrate Soldiers' Day on 10 October. When he was asked about his health he said:

[Begin recording] [Unidentified reporter] What can you tell us about your health?

[Caldera] According to some, I am already dead. [end recording]

At the end of his participation in Soldiers' Day activities the president immediately went to Guacara, Carabobo State, to take part in the inauguration of an ice cream plant owned by Unilever Andina, S.A., which called for a $70 million investment.

After inaugurating the (Tio Rico) ice cream plant, the president in his speech said that this investment proves the confidence in Venezuela, a country where more than $500 million has been invested in the past few months. This means, according to the president, that there is trust in a country that some want to hurt.

[Begin Caldera recording] This is confirmation of the faith we have in Venezuela's future and in its marching ahead. Every time the media attempts to point out alleged economic failures or (?calls me) an out-of-touch politician [words indistinct] there cannot be investments in Venezuela because there is no confidence, we reply not in words, but with facts. [end recording]

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